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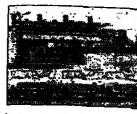
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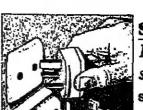
Eastern Germany Still for from competitive

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Writing software Why it's cheaper to use Russians Technology, Page 9



Britain's economy Why Clarke should not raise taxes



Setting the rules International standards

FINANCIAL TIMES

THURSDAY OCTOBER 14 1993

US group poised Material Act supported by the supported to buy stake in Lloyd's agency

Europe's Business Newspaper

A group of leading US financial institutions is poised to acquire a substantial stake in a leading Lloyd's underwriting agency, a subsidiary of the Merrett Group, in a significant innovation for the insurance market. The group said it had approached Lloyd's with an outline plan to transfer its underwriting business to a new agency, in which J.P. Morgan, the investment bank, and Marsh & McLennan Risk Capital, a subsidiary of the world's biggest insurance broker, Merrett employees and other investors would own

EC to propose tariff cuts: The European Community is to propose cuts in tariff protection for manufactured goods in an attempt to break for manufactured goods in all accomplete the deadlock in talks on world trade reforms.

Page 14; US Congress attacks copyright curbs,

Double blow for UK recovery: Britain's hopes of sustained, non-inflationary recovery were dealt a double blow with news of a fall in manufacturing output over the summer and a higher than expected rise in retail prices last month. Page 14; Lex. Page 14; London shares, Page 27; Currencies, Page 34

First charges against Moscow rebel:



The Russian prosecutorleaders of parliament's armed rebellion when hardliner General Albert Makashov was charged with organising mass disturbances. Meanwhile, more than 90 organisations have registered to take part in Russian elections

due on December 12, although observers expect parliament to be dominated by a few blocs. President Boris Yeltsin flatly ruled out simultaneous parliamentary and presidential elections. Page 3

Kohl appeals against protectionism: German chancellor Helmut Kohl appealed against protectionism to the French Senate, just as French prime minister Edouard Balladur was refining a minimalist approach to the Gatt talks before the other branch of the French legislature. Page 14

Less independent Fed 'a mistake': Attempts: by the US Congress to reduce the independence of the US Federal Reserve would be a "major. mistake." Alan Greenspan, the Fed chairman, warned, after proposals by a congressional committee to make regional Fed presidents political appointees. Page 6

Beijing warns on Hong Kong: Lu Ping, China's top official on Hong Kong, said failure to resolve differences with Britain over the colony's future would threaten its economy. Page 4

Woolworth, the US retailer, announced a \$480m after-tax charge against third quarter earnings to cover restructuring which includes closing about 10 per cent of its stores and cutting its workforce by about 9 per cent or 13,000 jobs. Page 15

German markets merger cut back: Plans for a full-scale merger of the German derivatives market with the market for German equities and fixed interest securities have been scaled

Morgan Grenfell, the UK merchant bank, has recruited about 20 equity traders, analysts and sales staff from rival James Capel to beef up its developing country debt and bond operations.

Search for new Groupe Bull head: The French government is searching for a replacement for Bernard Pache, chairman and chief executive of Groupe Bull, the lossmaking computer manufac turer, according to sources close to the company.

Polish leftwing coalition: Two of Poland's parties with their roots in the communist past intend to form a coalition government following elections which failed to produce an outright winner. The Left Democratic Alliance and the Polish Peasant party together control 303 seats in the 460-member parliament. Page 3

Klöckner-Werke steel mill talks: A buyer for the integrated steel mill of Klöckner-Werke, the ailing German steel group, is being sought by Bremen, the German city-state. Sidma, a subsidiary of the Arbed steelmaker in Luxembourg, is among the domestic and international steel companies taking part in talks. Page 16

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raising fears about the future of other sell-offs planned by the former conservative government. Mr Andreas Papandreou, whose Panhellenic Socialist Movement was returned to power in Sunday's general election, made the announcement on television at the start of his new

By Kerin Hope In Athens and Maggie Urry in London

communications company OTE,

cabinet's first meeting. Mr Papandreou had claimed during the election campaign that Pasok THE NEW Greek Socialist was now committed to co-operatgovernment yesterday announced it would cancel the ing with the private sector and to further liberalising Greece's partial privatisation of the telefinancial markets.

The previous conservative government had also earmarked two state-owned oil refineries for sale this year although plans were only at an early stage. A series of commercial plans, including the award of new casino licences and several development projects are also now in doubt.

The telecommunications law,

passed two months ago, provided for the sale of 49 per cent of OTE. Negotiations started earlier this year with six international operators shortlisted to buy a strategic 35 per cent stake in the company.

Papandreou halts Greece's telecoms privatisation

Preparations were also underway to float OTE on the Athens stock exchange with the sale of 10 per cent of the company to the public and 4 per cent to employ-

chant banks, including Credit Suisse, First Boston, J. Henry Schroder Wagg and N.M. Rothschild, Morgan Stanley and Pari-

bas Capital Markets, were handling the flotation. CSFB was also advising on the strategic

Pasok sources said agreements with several foreign merchant hanks were being terminated.

Mr Gerry Grimstone, a corporate finance director at J. Henry Schroder Wagg, the merchant bank which had been appointed to handle the offer to the public

had not yet received instructions from the Greek government. However, Mr Evricos Sarsentis. a Greek analyst at J. Henry

of shares in OTE, said the bank

Schroder Wagg, said Schroder hoped the flotation would still go ahead.

Neither Schroders nor N.M. Rothschild, which has been advising the Greek government on the privatisation programme as a whole, are expected to sue the government for breaking their contracts. One banker said: "It is all part of the rich tapestry

of investment banking". Schroders and other advisers have already done a lot of work on the OTE deal, which was originally planned for November, although it had been hitting

delays before the election. The proposed sale was fiercely opposed by the OTE union and by local suppliers of telecoms equipment, who feared they would be squeezed out by competition from abroad once an international operator took over management of the company.

The new prime minister has announced his intention of giving a cabinet post to Mr Dimitris Tsovolas, finance minister during Pasok's last term, who was convicted last year by a special court

Continued on Page 14

Bell Atlantic to buy US cable company for \$18bn

Deal with TCI set to transform telecommunications industry

By Martin Dickson in New York

BELL ATLANTIC, the US regional telephone group, yester-day announced an agreement to buy Tele-Communications Inc. the largest American cable television company, for up to \$18bn in a deal which will radically change the US communications industry. It will also be one of the country's biggest ever takeovers.

The deal - which is bound to face strong regulatory scrutiny ~ would be the first full merger between a US telephone company and a cable business at a time when the two industries are converging to create a single, multimedia inter-active entertainment and information business.

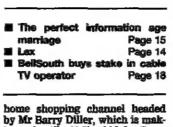
-Bell Atlantic, the telecommunications group serving the middle part of America's eastern seaboard, has been one of the most aggressive telephone companies try.
TCI, based in Denver, has been

built up by Mr John Malone, its chief executive, over the past 20 years into a company serving some 20 per cent of cable homes. The share swap deal would also include Liberty Media, a cable programming company which TCI spun off in 1991. It

the business last Friday. Yesterday's pact could have implications for the current takeover battle for entertainment group Paramount Communica-

announced plans to re-acquire

Liberty Media is an important shareholder in QVC Network, the



ing a hostile \$9.5bn bid for Paramount, in competition with a \$7.5bn agreed bid from cable company Viacom. Analysts said the Bell Atlantic

deai could help strengthen QVC's position. Mr Malone said yesterday that the QVC bid was peripheral to the Bell Atlantic deal, though he wished Mr Diller the best of luck and would personally do what he could to help him.

Viacom, which has launched legal suit trying to block the QVC bid because of Mr Malone's d "monopolistic intentions in the cable industry, yesterday called on Congress to "take a hard look" at Mr Malone's record Mr Raymond Smith, chairman of Bell Atlantic, yesterday hailed

yesterday's agreement as a

model for communications compenies in the next century." A letter of intent between the two groups calls for most of TCI and Liberty's assets to be merged into Bell Atlantic, apart from cable service companies owned in the region where Bell Atlantic is a telephone operator. These would be sold or spun off to shareholders separately.

Under the 1984 cable act regional telecommunications



Bell Atlantic chairman Raymond Smith (right) and John Malone, his counterpart at TCL announce the merger of the two companies

companies are forbidden from buying cable companies in the area where they operate telephone services.
The deal values TCI at \$11.80n,

excluding the Liberty Media programming assets, which would be worth some \$5bn to \$6bn more if included in the takeover. Bell Atlantic would also take on some \$9.6bn of debt.

The approximate \$28bn total compares with the \$25bn value of the 1989 takeover of RJR Nabisco in a leveraged buy-out by Rohl-berg Kravis Roberts, which also assumed some \$4.5bn of debt.

Prospects fade for BAe/Taiwan regional jet deal

By Dennis Engbarth in Taipel and Daniel Green in London

THE PROSPECTS for a successful conclusion to talks between British Aerospace and Taiwan Aerospace on a joint venture to build regional jets receded further yesterday when Taiwan admitted that difficulties over the deal had shown that it needed a new aerospace industry strategy.

Mr Chiang Ping-kun, industry minister, said that when the original deal was struck in January 1993, "there wasn't any strategy. It wasn't conducted by experts. The banking specialists weren't

involved, for example." Taiwan wants to enter the civil aviation sector as part of its industrial policy. But in recent months, opposition politicians and some Taiwanese banks lending money to Avro, the joint venture company, have argued against the deal on commercial grounds and the government had

stepped in to try to save it.

Mr Chiang repeated that the direct part in the deal, but added that the proposed venture might go ahead. The decision would be taken by BAe and TAC, he said. The collapse of the joint ven-ture would undermine the UK company's strategy for improving profits and threaten the jobs of

the 4,000 BAe staff mostly in Woodford, Cheshire. BAe said it believed that a deal was still possible. However, its attempts for the past week to restart talks with TAC have been

fruitless. Talks are unlikely to be reconvened before a TAC board meeting next Tuesday when one of three outcomes was likely, Mr Chiang said.

The board could declare the deal dead, it could "strive for better conditions under the existing structure" of the agreement or it could call for the basic contract to be renegotiated.

BAe has in the past warned that the January contract meant that TAC had legal obligations and could not pull out without consultation.

The differences between the two sides concern BAe's commitment to a new generation of aircraft that would be more suited to Asian markets than the RJ series, which was designed in the

TAC wants such a commitment while BAe insists that the joint venture be finalised before a study is conducted.

BAe said again that it believed these differences could be "clarified" and the deal proceed.

happened his ministry would now formulate a new plan for the aerospace sector.
"What we need is an overall

and integrated strategy and a group of advisers, including experts in the aerospace industry, finance, law and international co-operation, to formulate in common a strategy," he

This is likely to involve a distancing by the government from commercial decision-making.

Flotation of Inmarsat would create company worth \$2bn

By Daniel Green in London

INMARSAT, the international satellite operator owned by 71 of the world's telecommunications authorities and companies, will next year propose its effective flo-

The move would create a company likely to be worth more The biggest shareholder is

Comsat, the publicly quoted US company, with 24.6 per cent. British Telecom comes next with LL7 per cent followed by Norwegian Telecom with 10.7 per cent and Japan's KDD with 9.1 per cent. Inmarsat was established in 1979 to provide satellite communications for shipping. It has since expanded into land and air mobile communications and is

faxes in passenger aircraft and by newsgathering and emergency The organisation's annual turnover exceeds \$300m and it has a "surplus", equivalent to a profit, of about \$100m a year. Its annual growth has exceeded 20

now used for telephones and

per cent for the last four years. The mechanism likely to be put to Inmarsat's owners early next year is that their stakes become

Comsat (US) British Telecom (UK) Norwegian Telecom (Norway)
Kokushi Denshin Denwa (Japen)
France Telecom (France)
Morsviazspumik (Rusela) Hellenic Telecommunications

tradeable with each other. From there it is a relatively small step to allowing third parties to buy stakes in Inmarsat.

If Immarsat were to be valued on a similar basis to companies such as BT or Cable and Wireless, it would be worth more than On a valuation of \$2bn, BT's

stake in Inmarsat would be worth \$236m, compared with its net investment so far of \$35m. immarsat has in recent months laid plans to move into mass markets for mobile communica-

It wants to build a global mobile telecommunications network based on its satellites. But the scheme is bringing it into conflict with private sector companies, such as Motorola, which

plan similar networks.

"We're operating in an increasingly competitive environment. It value of shareholders' investment", said Mr Ramin Khadem, Inmarsat's chief financial officer. Mr Bruce Crockett, chairman and chief executive of Comsat, Inmarsat's biggest stakeholder, said he supported moves towards

"It would allow other [companies] to become owners. That makes a lot of sense", he said. He added that such a market would yield high valuations for

BT took a more cautious line yesterday, saying that it would make up its mind after a study group had made a report in February 1994.

Mr Crockett said it was "inevitable" that a similar move would be considered by Immarsat's sister organisation, Intelsat, which operates satellites for non-mobile

Intelsat's sales exceed \$600m a year, but growth is slower and it faces competition from cable-

This year's release is probably our best ever. The nice thing is we've been able to say that nearly every year for 60 years.



WINE MAKER'S NOTES

Exhibits natural apple, citrus fruit aromas and flavours of medium light intensity. Has a crisp, dry finish that's easily drinkable.

Appropriate with mild cheeses, lamb, poultry, pork or veal. Acidity 0.66g/100ml. Residual sugar: Dry 1.0g/100ml. pH 3.35. Minimum 6 months in bottle before release.



CONTENTS Gold Marieks Egoky Options

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LONDON - PARIS - FRANKFURT - NEW YORK - TOKYO

German banks chief IG Chemie increases pay pressure attacks sell-off plan

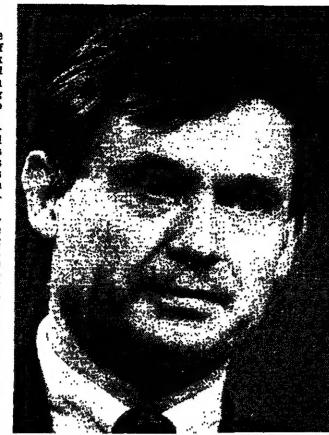
MR Horst Köhler, the newly-appointed president of the German Savings Bank Association, yesterday stepped into the growing debate on bank privatisation by calling for his member banks to remain in public ownership.

Mr Köhler said that privatisation of Germany's 710 local authority-owned savings banks and 13 commercial banks owned by state governments could lead to restrictions on lending to small and mediumsized companies.

His remarks at a press conference follow pressure from German politicians including Mr Günter Rexrodt, the federal economics minister, for the speeding-up of bank privatisa-tion. Mr Köhler, formerly finance ministry state secretary, said that the 13 Landes-banken and 710 Sparkassen which account for 60 per cent of all small business lending, could lose their regional strength if privatised.

He said that public ownership enabled the savings banks to take a longer-term view of finance for small and mediumsized businesses, and their net-work of 20,000 branches led to more accurate credit assessments. Mr Köhler said that it was important to ensure that financial services were available in all regions. He said privatisation of savings banks could lead to "more concentration, and more fragility in our

economy" He said that savings banks were supporting local businesses more strongly than privately-owned commercial banks, since Sparkassen lending was 6 per cent up in the



Stewart Kendal Horst Köhler, head of the German Savings Bank Association

with the second half of 1992. Mr Rexrodt last month promised new laws to accelerate pri-vatisation of the Sparkassen and Landesbanken. He singled out WestLB, the Landesbank in North Rhine-Westphalia for criticism over its equity stakes in companies.

Mr Otto Lambsdorff, economics spokesman and former leader of the Free Democrats,

also called for bank privatisation, which economists have calculated could raise DM100bn-DM150bn (£40bn-£60bn) for the government.

Mr Köhler said the Sparkassen had to reduce costs and improve their use of technology, but their relatively low proportion of write-offs of assets, including loans, showed that their local presence

IG CHEMIE, the German chemicals industry union, will make a pay claim of "around" 4.2 per cent at negotiations for 1994 starting next month, according to Mr Hermann Rappe, union president. Mr Rappe, who represents 819,000 workers across German industry, said

resist calls for a pay freeze.

His informal "estimate" of a claim yet
to be agreed by the union's board highlights the low morale among workers' representatives as they prepare for the

in a radio interview the union would

new year's pay round. The chemicals industry employers have made no proposals, although they have been at pains to illustrate their

Germany's leading political parties have all lost substantial support in the opinion polls over the past two months, with a significant rise in the popularity of all the fringe protest groups, writes Quentin Peel. The Christian Democratic Union, and its Bavarian sister party, the Christian Social Union, would get only 30.9 per cent support if there were an election this week, according to the latest poll by the Allensbach Institute. At the last general election in December, 1990, the parties won 43.8 per cent. The Social Democrats are down to 35.4 per cent, compared with 38.2 per cent in the west and 34.8 per cent in the east. The principal beneficiaries have been the Greens, up to 12.1 per cent, and the far right Republicans, up to 5.6 per cent, enough to gain them seats in the Bundestag. Republicans, up to 5.6 per cent, enough to gain them seats in the Bundestag.

jobs would go this year and more would

follow in 1994. Pay had risen 15.5 per cent in the past three years while productivity had gone

up only 6 per cent. Mr Rappe claimed 4.2 per cent would match the expected rate of inflation in western Germany next year, although

Their association recently said 30,000 all official and unofficial forecasters predict a rate of 3.5 per cent.

His proposal followed Tuesday's recommendation from IG Metall, repre-

senting engineers and metal workers, for a rise of "up to 6 per cent", which was immediately rejected by employers as "poison".

In Bonn, Mr Dieter Kirchner, chief

neering employers' federation described the union's claim as "incomprehensible, unrealistic and illusory".

He warned that Gesamtmetall and IG Metall, the two giants of the German wage bargaining process, were in dan-ger of becoming extinct if they failed to find realistic solutions to the high-cost

problems of the industry. "If we follow the old pattern of negotiations, there will be a loss of confidence in the wage bargainers," he said. "We don't want to be one of the dinosaurs. I do not think IG Metall wants to be one

"What we need this year is a signifi-cant cost reduction. This combination of a six per cent wage demand, and a call for a moratorium on job cuts is simply impossible to understand."

Spanish inflation battle on course

SPANISH inflation fell last month to its lowest year-onyear September level since 1987, fuelling market expectations of interest rate cuts soon.

The pressure on the monetary authorities to help kickstart the economy with lower rates has built up since figures released at the beginning of

the week showed that the number of new unemployed between January and September had risen by 836,770. A total of 2.5m Spaniards, or 16.6 per cent of the active

working population, are now registered as seeking jobs. Prices rose by 0.6 per cent last month to bring accumulated inflation for the first nine months of the year to 3.9

per cent. Year-on-year head-line inflation is now down from 4.6 per cent at the end of August to 4.3 per cent at the end of last month.

Underlying inflation, which excludes the more volatile prices of non-processed foods and energy, fell from an annual rate of 5.7 per cent to

ted to rise slightly in the next three months to stand above 4.5 per cent at the end of the year, there was now room for the Bank of Spain to follow up of 3.5 per cent. on a half-point interest cut it introduced at the begining of

September when it brought its key intervention rate down to

government has unveiled a restrictive 1994 budget that reduces government expenditure and has an inflation rate target for the end of next year

The climate is now right for the Bank of Spain to bring down rates in the next few days," said Mr Jose Luis Feito, senior economist at Madrid

Brussels starts Aer Lingus state aid probe

THE European Commission yesterday started a state aid inquiry into the Irish government's planned I£175m (£166m) cash injection into Aer Lingus, Ireland's flag airline.

The decision to query the package marks a hardening line in Brussels against attempts by member states to bail out their financially troubled carriers, and to chip away at the air transport deregula-tion legislation agreed last year. Mr Abel Matutes, EC transport commissioner, signalled when transport ministers of the Twelve met at the end of last month that he was not satisfied with the cost-cutting measures Aer Lingus was taking as part of the three-year restructuring plan the state aid

is linked to. At the same meeting, EC competition commissioner port commissioner had approved big cash injections for Sabena, Iberia and Air France, insisted that these were "last chance" agreements for returning these airlines to

A Commission official said yesterday that "more informa-tion is needed... about the via-bility of the (Aer Lingus) plan," in four main areas: The airline's plans for its Brussels is separately investigating refuelling and baggage-handling monopolies at air-

ports across Europe.

The extent to which Aer Lingus' obligation to stop over at Shannon airport on transatlantic flights is a cost impeding a return to viability. • The competition implica-

tions of the state aid on the Dublin-London route. A commitment from Ireland

aid to the airline. Aer Lingus and Dublin have a month to reply to these queries before Brussels decides either to approve the aid or take the enquiry a stage fur-ther. During that period it may also start examining other aviation state aid cases involving plans to put more cash into Air France, Olympic Airways of Greece, and TAP, Portugal's

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Belgian franc loses more ground against D-Mark

By Andrew Hill in Brussels and Peter John in London

THE Belgian franc yesterday dropped to its lowest level against the D-Mark for at least three years amid renewed speculation about a possible cut in

interest rates. In spite of support from the Belgian central bank, which denied rumours of a change in interest rate policy, the Belgian currency slipped at one point to the bottom of the European exchange rate mechanism. The French franc was

also pushed down sharply. Belgian analysts said there seemed to be no single reason why the Belgian franc should have come under such pressure yesterday. However, tension has been mounting in recent weeks, as the government prepares to publish

plaese, the central bank governor, and are expected to lay the foundation for cuts in labour costs, improvements in competitiveness, and the reduction of Belgium's large budget deficit.

Certain Belgian economists have suggested that easing interest rates might be one way of making Belgian compa-

nies more competitive. Dealers said yesterday that pressure on the franc had come from within Belgium but there were also rumours that it might have been generated by Mr George Soros's Quantum Fund, the US investment group which made also \$1bn (2800m)

guidelines for its negotiations with employers and unions over a "social pact".

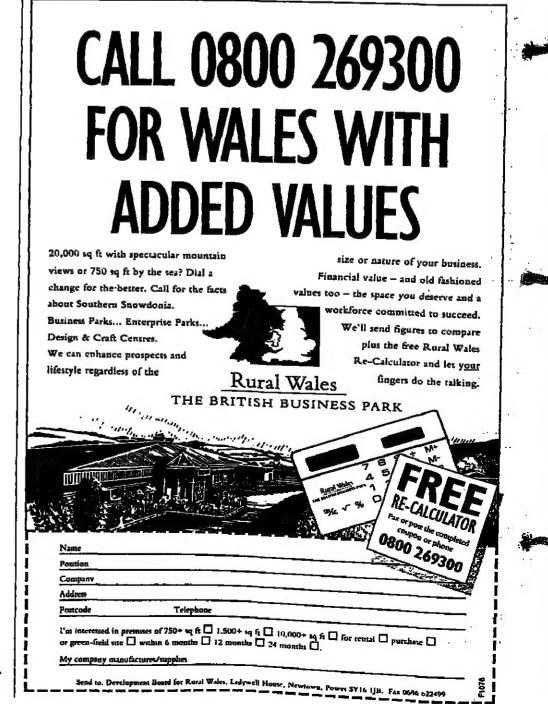
at the time of sterling's exit from the ERM last year. The Belgian franc ended the day at The guidelines have been BFr21.89 against the D-Mark, prepared by a committee up slightly from a low of headed by Mr Alfons Ver- BFr21.95 but weaker than its previous close of BFr21.78.

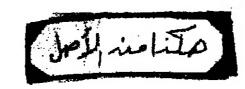
The fall reflected the view that the "core" members of the ERM, saddled with high anemployment and hit by recession, may have to ease in shadow the D-Mark

The French franc closed at FFr3.5290 against the D-Mark, down from FFr3.5120. A spate of strikes, lower overnight interest rates and comments from Mr Edmond Albpandery, the minister for the economy. that a weaker franc had been a key factor for stimulating growth, gave hope that the key intervention rate might fall from its present 6.8 per cent.

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APPL YOUT





Report warns on consequences of widening income differences

Pay gaps threaten to split Russia Faroes sinking ship

WIDENING differences in Russian incomes could threaten both the government's reforms and its political legitimacy, according to a report by the Centre for Economic Policy Research.

In a paper entitled "The Dis-tributional Consequences of Russia's Transition", Dr Chris Foyle points to a widening gap both between individuals and between regions of Russia.

In being prepared, "at least in the short term, to sacrifice equity for efficiency", he says. the government risks sacrificing political legitimacy.
Further, the weakness of the

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ity to impose a fair tax struc-ture, coupled with the growing medium and low earners, all of on average pensions have seen ture, coupled with the growing wealth of some regions and the deepening poverty of others, poses large political risks. "The local versus federal fiscal ten-sion could result in the fragmentation of the Russian Federation," he believes.

A social safety net with targeted benefits is urgently required for those who have suffered the worst effects of the rapid collapse of the command economy, he says. Since "the federal government is not in a strong financial position to undertake large scale social programmes", foreign aid should concentrate on that

Using the scanty data avail-

whom enjoyed significant income growth during the Gorbachev years from 1985-1991. saw their real monthly incomes plunge by up to half in 1991-1992.

Total real household wealth had plunged from Rbs210bn at the end of 1991 (expressed in December 1990 roubles) to Rbs 29.5bn by the end of 1992, a decline of 86 per cent. "Thus, the impact of price liberalisation was to severely erode household wealth." Pensioners have suffered

particularly badly from the effects of reform. The real purchasing power of pensions

some small recovery since.

However, those on the lowest pensions remained at a very low subsistence level to the end of last year, with their income at half or less of the official "physiological minimum", that is, the estimate of the monthly cost of providing a "healthy diet" plus an extra 20 per cent for other expenses.

Dr Doyle argues that the new tax system, beavily based on value added and profits taxes, is as yet unstable and vulnerable to rapid erosion

He says the experience of privatisation, where many assets have been sold to citizens

shares in companies, will only initially mean wide share ownership. In time, "as household real incomes and wealth have fallen sharply during the ini-tial stages of the reform programme, it is likely that shares and vouchers will be sold by many.... concentration of ownership into a few powerful institutions [new pension funds, conglomerates) is likely

The Distributional Consequences of Russia's Transition by Dr Chris Doyle; Discussion Paper no.839, Centre for Economic Policy Research, 25-28 Old Burlington Street, London

Left-wing parties form coalition in Poland

By Christopher Bobinski

TWO of Poland's parties with their roots in the communist past said yesterday they intended to form a coalition government following elections on September 19 which failed to produce an outright winner.

The Left Democratic Alliance (SLD) and the Polish Peasant Party (PSL) signed a joint statement of their intention yesterday. Together they won 35 per cent of the vote and control 303 seats in the 460member parliament.

They have also proposed Mr Waldemar Pawlak, a 34-yearold farmer and PSL leader, for The SLD leader, Mr Aleksan-

Norway's

der Kwasniewski, said: "We want a strong and effective government. We want a government which will support a strong market economy but which will respect social rights." He will not join the government but will lead the group's parliamentary caucus.

Putting Mr Pawlak's name forward could lead to new delays as President Lech Wal-esa is insisting the SLD, which won the biggest share of seats in the election, should give him three names from which to chose a premier.

If he fails to appoint a head of government within two weeks after the first meeting of the lower house, parliament can nominate a prime minister without consulting him.

Yesterday, the coalition in a conciliatory gesture to Mr Walesa withdrew a proposal to transfer presidential powers over the security services to the government and parlia-

This, and the coalition's refusal to accept a reduction in Poland's mass privatisation scheme, caused the Solidarityrooted Labour Union to withdraw from coalition talks yesterday.

Mass privatisation, a plan backed by the World Bank, will place the ownership of around 600 state sector companies with foreign-managed national investment funds and distrib-ute the shares in those funds at a nominal charge to Poles who care to buy them.

Danes again bail out

ENMARK has guaran-teed a DKr1.3bn (£131m) loan to the Faroe Islands to help the self-governing province bail out its two largest commercial

The agreement came after 12 hours of negotiations in Copenhagen between Mr Mogens Lykketoft, Danish finance minister, and Mrs Marita Petersen, Faroese prime minister. Most of the loan will go to Foeroya Banki and Sjovinnubankin, which faced bankruptcy.
The accord will help stave

off economic collapse for the islands as a whole, according to Mr Lykketoft. "This step. and others to come, create a basis for putting the Faroes on its feet again. It will take a long time and it will be painful but it can be done," Mr Lykke-toft said yesterday.

The windswept North Atlan-

tic islands, part of the Kingdom of Denmark, built up large domestic and foreign debt dur-ing a period of rapid expansion

this year with DKr1.4bn to rescue the Faroese banks, which had to write off 24 per cent of their loans. The Danes also provided DKr450m to keep the government itself from having to suspend payments. In the mid-1980s, the 47,000

islanders enjoyed one of the highest per capita growth rates in Europe. But little has gone right for the islands since then. The fisheries, which account for 90 per cent of exports, have collapsed. Over-fishing of Far-oese waters by a fishing fleet subsidised to the hilt by the

industry has taken the rest of the economy with it. In the five years to 1993, gross domestic product has fallen by about 25 per cent (in current prices) and domestic demand was halved.

Unemployment is about 20 per cent and would be higher but for the fact that since 1988 about 4,500 islanders, some 9

Loan accord will help stave off economic collapse for the islands, writes **Hilary Barnes** in Copenhagen

per cent of the population, have emigrated, many of them to live on social security in Denmark stepped in earlier

Much of the islands' debt was built up in the 1980s, when bridges, a tunnel schools and nurseries were built. Central and local governments alike went heavily into debt as investment boomed and the current account of the balance of payments went deeply into

The islands' net foreign debt soared to its present level of about DKr7.9bn, or Dkr170,000 (some £17,000) per islander and around 140 per cent of gross domestic product. The govern-ment's budget deficit (includ-Faroese government is partly blamed. The steep fall in the international price of fish over ing capital items), according to a report from the Danish prime minister's office, will this year run to about DKr1.5bn, some 31 the past year has added to the

ment will need to borrow about DKr2.8bn, says the report. Some DKrlbn is in foreign loans, mainly Yen and D-Marks, which Denmark will have to refinance. How much of the rest the Danish taxpayers will have to meet is a matter for negotiation, according to an official at the prime min-

Until fish stocks are re-established - and fish prices recover - the islands' future looks bleak.

The government has raised taxes and slashed spending, including an 8.5 per cent cut in the pay of everyone employed in the government sector this

More is needed, according to Copenhagen, which has made the loan conditional on the Faroese government cutting spending next year by at least DKr250m.

In its report, Copenhagen proposed a a wealth tax to be levied on older islanders, many of whom built up wealth in the good years, and a virtual halt to infrastructure investment. In the longer run, oil and gas from beneath the sea could be

the islands' saving.
BP made a substantial find in the UK sector close to the dividing line with the Faroese sector earlier this year. But a hunt for hydrocarbons by the Faroese themselves is being held up by a dispute with Britain over economic zone divisions. Even if this dispute is settled quickly, which does not seem likely, it will be a long time before any hydrocarbons in the Faroese sector can be exploited.

In the meantime, the islanders will have to tighten their belts and pray for the fish



The blackened White House parliament building provides a grim backdrop as two Muscovites argue over Russia's plight

Parties sign up to run in polls

By John Lloyd

MORE than 90 organisations have registered to take part in Russian elections due on December 12, although politicians and observers expect parliament to be dominated by a handful of blocs.

President Boris Yeltsin yes-terday flatly ruled out simultaneous parliamentary and presidential elections, as suggested by an aide on Tuesday. However, Mr Vladimir Shu-meiko, first deputy prime min-

ister, yesterday repeated the opinion of many in Mr Yeltsin's entourage that elections should be held on the same day. The president, in comments at the end of his visit to Tokyo, did leave open the pos-sibility of a change in presidential elections from the announced date of June 12 next year, saying the new parliament would decide the date.

intense politicking is now going on between the leaders of various parties and groups in an effort to construct election coalitions - though the tendency at present seems towards fragmentation. The main liberal grouping, Russia's Choice, is due to hold a convention this weekend. Russia's Choice is headed by

Mr Yegor Gaidar, first deputy prime minister, and is likely to receive Mr Yeltsin's endorsement. However, two other promarket groupings - the Rus-slan Movement for Democratic Reforms, whose list is headed by Mr Anatoly Sobchak, mayor of St Petersburg, and the August grouping, based on the Party of Economic Freedom headed by Mr Konstantin Borovoi - have so far declared they

will run independently. The centre groupings are likely to include New Russia, which brings together Christian democratic and social democratic parties.

Leaders of the communist and nationalist movements, many of whose parties are banned under the state of emer-gency due to end this weekend, have said they will participate. if necessary under the aegis of parties entitled to run.

aims to cut deficit By Karen Fossii in Oslo NORWAY'S minority Labour

budget

government yesterday unveiled a draft budget procreate jobs and protect the welfare state while still cutting last year's record deficit by NKr5.1bn (£475m).

budget deficit of NKr46.4bn for 1994, or 6.1 per cent of gross domestic product, down from last year's NKr51.5bn.

However, the government said this year's budget deficit would be 3.4 per cent of GDP, somewhat higher than the 3 per cent ceiling stipulated by the Maastricht treaty convergence criteria. Norway is currently seeking European Community membership.

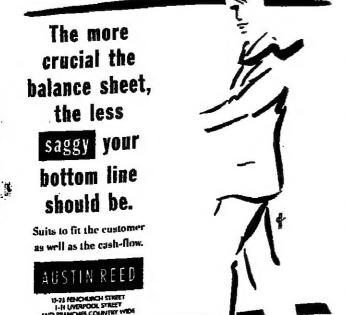
The current account surplus is forecast to rise to NKr35.5bn from NKr25.3bn, mainly because of higher oil produc-

Total revenue is expected to increase to NKr330.2bn from NKr318.4bn last year, while spending is set to rise to NKr376.5bn from NKr369.9bn. The finance ministry said it aimed to raise NKr880m annually by increasing the marginal wealth tax rate to 1.8 per cent from 1.3 per cent. The government promised to

try to cut the tax bill to industo improve conditions for job creation. Measures to achieve this include the abolition of an electricity duty, which the government said would save industry NKr270m annually. The unemployment rate is about 8 per cent, a post war

Economic growth is forecast to accelerate to 3 per cent from 1.3 per cent this year.





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Japan and Russia take step towards better relations

THE Japanese government yesterday breathed a sign of relief that relations with Russia, traditionally regarded as a in Japan, as a symbolic dangerous and untrustworthy neighbour, had taken a step towards normality.

In spite of the bad omens for the three-day visit of Mr Boris Yeltsin, the Russian president, which ended yesterday, the two nations claimed they had made real progress towards ending nearly five decades of mutual hostility.

Their agreement to open negotiations on the future of four Pacific islands, seized by Soviet troops at the end of the second world war, might seem

Bombay

brokers in

tax probe

New Delhi and RC Murthy in

A STOCKBROKERS' strike

yesterday balted trading on the Bombay Stock Exchange,

India's largest equity market,

following repeated failures to

settle a dispute arising from

last year's Rs42bn (£875m)

their action which has dis-

throughout India and under-

dence in the capital markets.

mines efforts to build confi-

The dispute started last

month when income tax

inspectors investigating the

affairs of Mr Harshad Mehta.

the broker at the centre of the

scandal, froze dealings in spec-ified blocks of stock in nine

The inspectors' action has

upset trading because brokers

and investors alike have

become reluctant to deal in

shares of the nine companies

for fear of handling tainted

stock and unwittingly being

drawn into the tax probe.

Under the BSE's trading rules,

a broker buying stock only

receives the share certificates

in the final stages of a transac-

Stock exchange officials lob-

bied the tax inspectorate to

relax the freezing order but

the inspectors have declined,

saying it might hamper their

An attempt to have the mat-

ter resolved in the courts

failed when the special court

established to try scandal-re-

lated cases this week refused to arbitrate and referred the

matter to the government.

Finance ministry officials

were yesterday seeking ways

The Securities and Exchange

Board of India said a solution

would be found in seven days.

Officials of the board, the

income tax department, the

finance ministry and the stock

exchange are to meet tomor-

South Africa to

South Africa may be repre

sented at next week's Com-monwealth summit in Cyprus.

Alecos Michaelides said yester-

day, Reuter reports from South Africa left the Commonwealth in 1961 and faced Commonwealth as well as UN

sanctions until apartheid began to be dismantled.

Generals join

transition team

The Algerian government

brought the armed forces

openly into the political pro-cess yesterday, Reuter reports

from Algiers.
It appointed three generals

to an eight-man team set up to

lay the groundwork for a polit-

terday, throwing into disarray

plans to elect a new Yemeni

president and end a political

crisis, Reuter reports from

The swearing-in of the five-

member council and the elec-

tion of a new president had

been seen as the start of politi-

cal reconciliation in Yemen.

Yemen crisis

deepens

attend summit

of resolving the issue.

leading companies.

producer.

securities market scandal.

protest

By Stefan Wagstyl In

attention among the Japanese public, which values the Northern Territories, as the four Kurile islands are called

"President Yeltsin's visit has opened the first page towards normalising relations...We have established the foundation for new negotiations," said Mr Morihiro Hosokawa, Japan's prime minister.

national asset.

This could reduce the split between Japan and its partners in the Group of Seven industrialised nations on how to handle Russia. Until yesterday, Japan was in danger of being the only industrialised country not to have responded to the

end of the cold war by moving which have been boosting aid towards normal relations with

The progress achieved on this visit, while short on concrete detail, will strengthen Mr Yeltsin's legitimacy at home, as no doubt he intended.

It will also bolster the position of Mr Hosokawa, who had come under opposition attack for allowing the visit to go Officially, Japan continues to

row over ownership of the Yet Japan has been unable to hold this line rigidly, under pressure from its G7 partners

deny large-scale economic aid to Russia until there is more

substantial progress on the

to Russia to help its transition to a market economy.

Pressure on Japan came to a head last April when Tokyo was chairman of a G7 amergency meeting on aid to Russia. at which it pledged \$1.8bn (£1.19bn). As a result, Japan is now Russia's third largest donor, despite the islands dis-

Thanks to the improvement in relations over the past few days, Japan will now further increase the flow of aid to Russia, officials say.

But this will merely mean faster disbursement of the nearly \$5bn so far pledged, of which only 10 per cent has Examples include a Japa-nese-financed \$200m fibre-optic telecommunications link

between Moscow and the Russian far east, part of an aid package agreed two years ago but yet to be implemented. Separately, they signed an economic accord, in which

ket economy. The accord listed 11 sectors for increased co-operation, including nuclear power, space technology, environmental conservation, agriculture,

Japan offered its expertise to help Russia shift to a free mar-

transport and communications. They also agreed, for the first time, to seek foreign pol-icy co-ordination, "based on shared values," the Japanese

foreign ministry said. The omens had indicated

that any progress was unlikely. Mr Yeltsin had snubbed his hosts by cancelling plans to visit Tokyo twice in the past 13 months, blaming the former LDP government's hard line over the islands. Japan, meanwhile, was more interested in pouring money into China's

fast-developing economy. Many people, especially in the LDP were suspicious that Mr Yeltsin had chosen now to make good his promises to call on the Japanese government.

Coming only a week after using tanks to put down the rebels in Moscow, it looked to some that Mr Yeltsin was pulling a propaganda stunt, at

Japan's expense, to demon-

strate his confidence. As Mr Yeltsin left Moscow, he confirmed Japan's worst misgivings by warning that he hoped the Tokyo government would not spoil the visit by bringing up the question of the

Japanese officials felt as if a diplomatic earthquake was on the way. In the event, Mr Yelt-sin's arrival did coincide with a real earthquake, the worst to hit Tokyo for several months. But his surprisingly concilia-

tory stance, including an unscripted apology, repeated several times, for Soviet treatment of Japanese prisoners of war, left the diplomatic land-scape rather improved.

UNITED NATIONS' diplomats struggling to conjure a new policy for Somalia are only certain of two things: they cannot afford any more deaths among peacekeeping troops and they must find ways of blocking the departure of the all-important US contingent. Mr Kofi Annan, the UN chief

UN settles

for damage

limitation

in Somalia

By Lesile Crawford in

Mogadishu

of peacekeeping operations. was unable yesterday to clarify the UN's aims in Somalia, in particular how it intended to deal with the defiant warlord, Gen Mohamed Farah Aideed. At a press conference in Mogadishu, he left the impres-

sion that the 30,000-strong mili-

tary intervention in Somalia had become an exercise in damage limitation. "The level of fatalities is unsustainable and unacceptable," Mr Annan said of the 70 Blue Helmets who have been

killed in Mogadishu since "When governments begin to take casualties, the public out-cry is difficult for politicians and leaders to handle. We were not prepared, we did not expect to encounter this level of vio-

Mr Annan made clear that the UN's priority in Somalia from now on would be to minimise the level of casualties. He did not explain how this could be achieved without abandoning the fruitless and aiways violent hunt for Gen Aideed.

But it was apparent that the UN was searching for formulas to scale down the confrontation with the rebel warlord. Plans to put Gen Aideed on trial for war crimes have been

abandoned. Instead, Mr Annan talked of having "some sort of judicial process" that would investigate Gen Aideed's responsibility for the killings of UN sol-diers in his south Mogadishu

Gen Aideed is unlikely to be pursued while he continues to hold a US helicopter pilot and a Nigerian soldier captive. Washington, with its history of hostage traumas, is suggesting an "independent inquiry" into the Mogadishu killings.

Many Somalis now believe that if Gen Aideed plays his hostage card correctly, he will probably escape the rigours of a UN trial altogether. Gen Aideed's unilateral

Mogadishu a few precious days of peace, was briefly broken yesterday by an attack on a UN food convoy guarded by Saudi troops.

Some food was looted, but there were no reports of casu-

Mr Annan said President Bill Clinton's decision to pull out US troops from Somalia in six months' time would weaken the UN operation considerably, if not unravel it altogether.

The timetable for withdrawal gives the UN little time to replace the largest single contingent in Mogadishu with troops from other countries. Mr Annan implied that it would be difficult to match US expertise in logistics and air

Israel and PLO set out peace timetable

By Mark Nicholson in Calro

ISRAEL AND the Palestine Liberation Organisation briskly and cordially began implementing their outline

peace deal yesterday.
The two sides set a tight timetable for further detailed negotiations and established two additional committees on economic and regional

co-operation. Brokers meet today to At separate talks in Cairo and Taba, on Egypt's Red Sea coast, the two sides agreed on decide whether to continue rupted stock market dealings the institutional structures necessary for detailed negotia-

They also opened continuous talks on the terms for an Israeli military withdrawal from the Gaza Strip and Jeri-cho, which is due to begin on

Mr Shimon Peres, the Israeli foreign minister, wrapping up the first one-day meeting of a joint PLO-Israeli haison committee, said in Cairo: "We shall make a supreme

December 13.

effort to meet the time (for withdrawal) and if possible, attempt to do so earlier". Both Mr Peres and Mr Mahmoud Abbas, who headed the

PLO delegation, emphasised the "positive" spirit of the talks, meeting privately before the inaugural two-hour session

Outside, sharp-suited Israeli and Palestinian security agents milled side by side, stonyfaced,

in the corridors of the Semi-ramis Intercontinental Hotel. The leaders of the two delegations were relaxed and occasionally smiling, Mr Peres at some points translating for his counterpart.

Speaking for both, Mr Peres told reporters: "We want to build a real commodity, and that is goodwill." He added: "Both of us have

agreed that the purpose of our delegations is not to argue and create problems, but to build bridges, the right atmosphere and the right approach."

Mr Abbas declared: "We will work day and night, without being restricted by time, to solve all the pending issues which need to be settled by the deadline, in accordance with the agreement."

In a communiqué, the two sides announced that:

The Cairo liaison committee will meet every two to three weeks at ministerial level and may create sub-committees to address the following prob-

ems; ● The Taba negotiations on limited Israeli withdrawal will be continuous; the two sides hope to reach agreement on

 A ministerial level committee will be formed on economic co-operation, the dates and venues for which are to be

• Further committees embracing the Palestinians, Israel and Jordan will be formed in order to hold discussions on "issues of common

 Separate talks should resume as swiftly as possible in Washington over next year's Palestinian elections in the West Bank and Gaza,

No date has yet been set for the twelfth round of Washington peace talks, which would also include bilateral talks between Israel, Jordan, Syria and Lebanon.

The communiqué also said that the question of tens of thousands of Palestinian prisoners held in Israel and the remaining Palestinian depor-tees whom Israel despatched to south Lebanon in December last year, would be referred to the separate talks on limited self-rule in both Gaza and Jeri-

"The issue will be dealt with in good faith...taking into con-sideration the importance that the Palestinian side attaches to it." the statement added.



Israel's foreign minister Shimon Peres (left) shakes hands with the PLO's Mahmoud Abbas

tion, after money has changed Mubarak So he cannot check whether he is receiving tainted stock until it is too late. The affected shares include scrip issued by Reliance Industries, the large chamies and tantiles and tantiles and tantiles are bine, and ACC, a major cement premier

EGYPT's President Hosni Mubarak began his third term of office yesterday by retaining Mr Atef Sidki, his 63-year-old prime minister, who in turn announced the first moves in a long-awaited cabinet reshuffle.

Mr Mubarak promised during his inauguration speech on Tuesday that "new blood" would follow his endorsement in last week's referendum for a further six years as Egypt's head of state. He has been hint ing at cabinet changes since April and last month spoke of possible "unlimited changes" in the government.

However, his first move was to reappoint Mr Sidki, a man who embodies Mr Mubarak's preference for stability and cautious reform. Mr Sidki, who formally appoints Egypt's cabinet, then announced that Mr Mohammed Salheddin Hamid was to be replaced as governor of the central bank by Mr Ismail Hassan, chairman of the Bank of Alexandria. Cypriot foreign minister Mr

Rabin denies supplying Beijing warns high-tech arms to China on Hong Kong

By Tony Walker in Beljing

MR Yitzhak Rabin, Israel's prime minister, yesterday rejected as "total nonsense reports that Israel had sold billions of dollars of arms to China, and that some of these transfers included unauthorised American technology.

"All these stories about bil-lions of dollars in arms business are total nonsense." Mr Rabin told reporters after meeting Chinese leaders, Including President Jiang Zemin and Prime Minister Li

The Israeli leader's denials of improper transfers follow written testimony to US Congress by Mr James Woolsey, director of the Central Intelligence Agency, in which he said that China and Israel "appear to be moving toward formalising and broadening their military, technical co-operation."
Mr Woolsey was speaking in

dvance of the publication of a CIA report that alleges China has been acquiring advanced military technology from Israel

since the late 1970s. Israel's ening their military technical arms sales to China could amount to "several billion dollars," the CIA report stated.

Apart from vigorously denying that Israel's arms trade to China amounted to billions, Mr Rabin was also adamant that his country had not violated US laws in the transfer of tech-

We are not so stupid to endanger \$3bn (£1.96bn) in grant aid we get for military and civilian purposes (from the US)," he told a press conference in the Great Hall of the

But the CIA assessment casts doubt on how scrupulous Israel has been over the transfer of sophisticated technology to China.

"Building on a long history of close defence industrial relations - including work on China's next generation of fighter, air-to-air missiles, and tank programmes - and the establishment of diplomatic relations in January, 1992, China and Israel appear to be moving toward formalising and broadco-operation," Mr Woolsey

The CIA chief added: "We believe the Chinese seek from Israel advanced military technology that US and western firms are unwilling to pro-

Allegations about an extensive Israeli-Chinese arms connection have been around for years. According to a Rand Corporation study commissioned by the Pentagon in 1991, Israel has helped China to develop a surface-to-air missile, an intermediate-range missile. an air-to-air missile, advanced armour technology for its tanks, and an airborne early warning system, among other

Mr Rabin, the first Israell prime minister to visit China, said he hoped Beijing would use its close ties in the Arab world to advance the peace process. He leaves for Israel today at the end of a five-day visit in which he has been accorded special treatment by

MR Lu Ping, China's top official on Hong Kong, has warned that failure to resolve differences with Britain over the colony's future would threaten its economy.

Speaking in Beijing yesterday before receiving a delega-tion from Hong Kong's Liberal party, Mr Lu said: "If the British side sticks to (Governor) Chris Patten's plan, it shows that Britain is not willing to co-operate with the Chinese side to realise the smooth transfer of power.

"Linder these circumstances. it is difficult to assure that Hong Kong's economy will not be affected.

China, which takes over Hong Kong in 1997, has been enraged by proposals advanced by Mr Patten to broaden the franchise for elections due in 1994 and 1995.

It claims these proposals fly in the face of understandings reached with Britain during negotiations over Hong Kong's future. Beijing has appeared in ing.

recent days to be seeking to raise the stakes in its dispute with London.

talks with Britain over Hong Kong warned this week that in the absence of an agreement Beijing would simply ignore the results of elections for local government and for Hong Kong's quasi parliament, the Legislative Council.

eign minister, was speaking before the 13th round of Sino-British talks, all of which have ended inconclusively. The two sides resume talking in Beijing next week. Reuter adds from Hong Kong:

tion Liberal Democratic party, Mr Paddy Ashdown, said yesterday he feared negotiations with China on Hong Kong democratic future would collapse. But he added: "I am fairly confident that Hong Kong's prosperity and econ-omy will remain vibrant and strong right through the instability that may now be com-

China's chief negotiator in

Mr Jiang Enzhu, a vice for-

The leader of Britain's opposi-

surveillance

He was also unhappy about the timing of the decision: to announce the withdrawal following the deaths of 15 US soldiers in a gunbattle with Gen Aideed's militias was to broadcast to the world that a few determined men could block an international peacekeeping mission, Mr Annan said.

Kenya gets a lookover before foreign creditors meet

Leslie Crawford on the visit of a World Bank team to assess whether Moi's government has mended its financial ways WORLD Bank team record of sound economic Kenya

was due in Kenya yes-terday to begin assessing whether the country has mended its financial ways sufficiently to merit the resumption of international aid. Kenya's chances of repairing relations with the donor community look better now than at

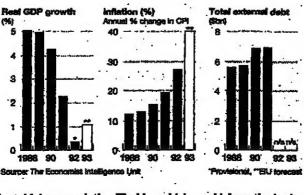
any time since the suspension

President Daniel arap Moi's ical conference to organise a gradual transition to elected government has moved to curb the worst cases of fraud and corruption in the banking and export sectors; fresh teams at the treasury and central bank appear determined to fight inflation and restore a measure The Yemen Socialist Party of probity to government boycotted the swearing-in of a accounts; and economic new presidential council yes-

of aid in November 1991.

reforms are moving ahead. "I believe enough has been done in terms of the basic framework to justify the reopening of a dialogue," a World Bank official says. His cautious remarks, however, speak volumes about the chasm of distrust that still separates

Only six months ago, Presi-



dent Moi accused the World Bank and International Monetary Fund of forcing "dictatorial and suicidal reforms" on Kenya. But as the aid squeeze took its toll, the president

recanted The World Bank has agreed to chair a consultative group meeting of donors in Paris next month. An IMF team is due in Nairobi soon to discuss the details of a three-year economic reform programme

which would form the basis of an appeal for renewed assistance at the Paris meeting. The World Bank is warning Kenya not to expect the aid floodgates to open wide. "A

return to normal aid flows will

depend on the delivery of

results." says one World Bank

"Kenya's relations with donor governments are so damaged that it will need to establish a track management."

What cannot be delayed for

much longer, however, is a rescheduling of the country's \$7bn (£4.57bn) foreign debt. Kenya has dealt with the lack of external assistance by accumulating more than \$500m in debt-servicing arrears - the equivalent of about five months of export revenues.

"Debt arrears are a millstone around our neck," says Mr Micah Cheserem, the central bank governor, who was appointed in July. "We need creditors to write off at least part of the arrears." The 44year-old governor, a former accountant with Unilever, believes Kenya deserves a measure of debt forgiveness, as debt service now consumes 30 per cent of export earnings.

The aid freeze has also left its mark on the once-vibrant economy, which has in effect stagnated over the past two years and creates formal sector employment for only a small fraction of the 400,000 job seekers entering the labour market each year. The result has been rising crime, child beggars on the streets of Nairobi, and hunger in the Rift Valley, where drought has blighted the maize Kenyans are also suffering

the aftermath of financial scan-

dals that rocked the banking

system this year. Unsecured loans by the central bank to local banks with ties to influential politicians led to a massive expansion of the money supply and fuelled inflation. in July, the government closed four of the scandaltainted banks and started placing high-interest treasury bills on the market to mop up excess liquidity and curb inflation.

Inflation, however, is still running, on some estimates, at an annual rate of 54 per cent, compared with 27 per cent at the end of 1992. The rate is expected to fall only towards the end of the year.

"Nineteen ninety-three will not be a great year," says Professor Terry Ryan, an economic secretary at the treasury. The only bright spot, he says, is the export sector which has benefited from devaluation of the shilling. Estimates of Kenya's economic performance in 1993

vary from a contraction of 2 per cent to expansion of 2 per cent. Kenya's population grows by 3.4 per cent a year. But if Kenya is to reach agreement with the IMF, more umpalatable reforms lie ahead:

job losses in the civil service, rastatal reform, and the abolition of the government's maize-marketing monopoly. with the attendant loss of the government's ability to dispense political favours. Mr Cheserem and Mr Musa-

lia Mudavadi, the finance minister appointed in January, say they are committed to an IMF. style structural adjustment "I want to divorce politics

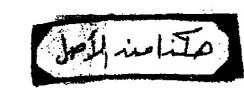
from economic management." Mr Cheserem says, "and reduce opportunities for graft." Opposition economists, however, believe the new economic to sustain painful reforms. "Will [President] Moi find the political costs too high?" asks Mr Mwai Kibaki, leader of the opposition Democratic party and a former finance minister. Under pressure, Moi will promise many things, but he will not change." Even Mr Cheserem admits

that his independence depends on the president's goodwill. He calls Mr Moi the country's "chief economist" and says the president wants policies that will generate employment. Given that IMF programmes rarely create jobs in the short run, difficult negotiations lie Mr Moi told Kenyans on Sun-

outs. "We cannot risk relying on foreigners to develop our country because at most times, their priorities are different from ours," he said in an address to celebrate "Moi Day" and his 15 years in power. In Paris next month, donors

day to be wary of foreign hand-

will be trying to establish exactly what those priorities team lacks the political clout



54.74 St .**

US Congress Alternative port in storm over Hong Kong attacks curbs Simon Davies on the implications of development plans for a mainland entrepôt 50,000-ton container berths by competitor. Yantian, however. Hong Kong operator the and of 1988, creating han is one of only four interna- confident that the on copyright

THE US Congress is launching a direct attack against Canadian and EC restrictions on US "creative materials", raising yet another potential obstacle to the timely conclusion of the Uruguay Round.

In a move to bolster growing US exports of copyrighted materials such as films, television shows and computer software, 199 members of the House of Representatives are co-sponsoring a resolution insisting that Mr Mickey Kantor, US trade representative, gain "fair and equal access" to international markets.

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The resolution implicitly targets both Canada's cultural restrictions and the EC Broad-cast Directive, which urges member states to ensure that at least 50 per cent of programming is produced in Europe. The latter was on the agenda in talks between Mr Kantor and Sir Leon Brittan, the EC trade negotiator.

Europeau officials have been hoping the US would, in the end, not make a "roundbreaker" of France's requirement that at least 60 per cent of its programming be Euro-

the resolution soon would attract more than a majority of the 435 members of the House. Nineteen members of the Senate have signed a similar resolution introduced by Senator

Frank Lautenberg. The resolutions are non-binding, but they exert strong pres-sure on Mr Kantor, who knows he must negotiate a Uruguay Round package that Congress will pass. One trade strategist noted that they "make our position much less flexible and that can be good or had".

The French, he added, have been "incredibly provocative" with threats to boycott US films to protect their movie industry.

The resolution also calls for access to foreign government funding of "cultural industries" and the establishment of a multilateral mechanism to prevent piracy of copyrighted goods, particularly US-developed computer software.

Both resolutions cite trade in copyrighted goods as among to fastest growing sectors of the US economy accounting for approximately \$34bn in export revenues in 1990. The proportion of US workers employed in the copyright-based sector

Japan given deadline on alcohol taxes

THE European Community and spirits exporting countries have given Japan a deadline of next April to meet its obligation under the General Agreement on Tariffs and Trade to harmonise its liquor taxes.

The deadline was presented to Japanese officials by a delegation of international spirits exporters and comes six years after a 1987 Gatt ruling that Japanese liquor taxes discrimi-

time when the trade imbalance excess of \$30bn (£19.8bn), the implementation of the 1987 dous importance to us," said Mr Ron Brown, chairman of the European Business Com-

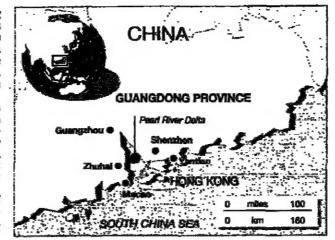
N SPITE of Hong Kong governor Chris Patten's warnings last week of the enormous costs to both China and Hong Kong of delays to the expansion of the colony's port, Beijing must be feeling more sanguine about the issue.

The day before Mr Patten's comments last Wednesday, one of Hong Kong's most influential businessmen signed up for an almost identical project in Yantian, which is just eight miles east of the territory's border with China.

The acquisition of control of Yantian's port by Mr Li Kashing's Hutchison Whampon group - a deal witnessed by China's premier Li Peng - inevitably raises concerns over whether Hong Kong's role as China's entrepôt can be replicated.

As Mr Patten told Hong Kong's Legislative Council last week, the colony's port remains crucial to its economic development. It employs 350,000 people and generates 15 per cent of the colony's gross domestic product.

The boom in export process ing in the Pearl River delta has been the main driving force behind Hong Kong's economy



in recent years. In 1992, Hong Kong's throughput in TEUs (twenty-foot equivalent units) grew 29 per cent, making it the busiest container port in the world. Trade expands apace and the existing terminals will

reach full capacity by mid-1995. This coincides with the planned completion of Container Terminal 9 (CT9), but as China continues to argue that its approval is necessary - ruling out funding for the consor-tia who were awarded the HK\$10bn (£850m) project - it is tional until 1996. As Mr Patten warned: "Ships will be turned away, and they may not return to use our port."

At the same time, rising costs and increasing congestion in the colony have already added to the attraction of constructing facilities in mainland China, which would be both source of production.

The newly-capitalised Yantian International Terminals will have constructed five dling capacity of 1.7m TEUs.

The proposed CT9 will have four berths with capacity of 1.8m TEUs; but its estimated cost is about double the Yn5bn (at the official swap centre rate) that is being invested in

The Hutchison group, which controls around 60 per cent of Hong Kong's container throughput, bas in effect hedged its bets. It will be a perticipant in Terminal 9, but it has also purchased 50 per cent of the port operations in the cities of Shanghai and Zhuhai - to the north of Macao - and it controls a consortium which will own 70 per cent of Yantian.

According to Mr John Meredith, managing director of Hutchison subsidiary Hongkong International Terminals (HIT), the group is not anticipating future changes, but reacting to demand which already exists.

In the case of Zhuhai, which will remain a feeder port, HIT will bring in more container business for Hong Kong, while the port in Shanghai is too dis-

is one of only four international deep water ports designated by China, and it has the draught and infrastructure to absorb substantial shipping business which might otherwise go through the colony.

Mr Meredith said: "When we looked at Yantian five years ago, people only wanted to use Hong Kong. Now the demand is there."

Hong Kong does maintain substantial advantages to justify the higher costs of both construction and utilisation. Mr Tony Clark, secretary of Hong Kong's Port Development Board, maintains that it would take up to 10 years before China's ports could pose a compet-itive threat because of their tangled bureaucracy, inadequate infrastructure and lack of shipping support services.

antian, however, has rail and road links already in place, and it will have a bonded zone, enabling it to by-pass customs procedures and operate as a trans-shipment centre. In addition, it does not suffer silting from the Pearl River, And it

confident that the cake is growing so rapidly that there is enough for everyone. Even factoring in growth in business for China's ports, the Hong Kong government has forecast that its overall port traffic will increase by an annual average of 8 per cent between 1990 and

Mr Clark said: "Looking at the amount of cargo originating from southern China, it is very clear that Hong Kong alone will not be able to cope. China will need more than Hong Kong to sustain its

This assumes that Hong Kong is able to maintain the capacity and efficiency of its port in the face of the new competition, but the political impasse over Terminal 9 demonstrates no such assurance.

Mr Patten claimed that if the project was delayed by just two years, Hong Kong's economy would lose HK\$20bn in the decade after 1997. With the signing of the Yantian deal. the resolution of the Terminal 9 dispute may have become less pressing for either Hutchl-son or Beijing. For Hong Kong, the outcome remains critical.

grew from 2.3 per cent in 1970 to 4.8 per cent in 1990, accord-ing to the resolution. An aide to Congressman Richard Gephardt, who intro-

nate against imports. "At a of the EC and Japan is in Gett ruling is one of tremen-

munity Liquor Committee. As a result of the discriminatory tax system, whisky and brandy pay six to nine times more tax than shochu, a traditional Japanese distilled liquor.

Romania granted **MFN** status

By Virginia Marsh in Bucharest

THE decision by the US Congress to grant Most Favoured Nation status to Romania has normalised relations between the two countries and will help Bucharest continue with market-led reform, the Romanian government said yesterday.

Tuesday's vote in the House of Representatives overturns a decision by Congress last year. Other countries denied MFN status include Cuba, Vietnam and North Korea. A few ex-Soviet republics are applying. Since 1988, when dictator

Nicolae Ceausescu unilaterally cancelled MFN, Romanian exports such as furniture, glass and textiles have faced 35-90 per cent US tartiffs.

Europe's culture industry seeks opt-out from Uruguay Round | Power plant

'Apocalypse soon' warning

AN APOCALYPTIC future for European culture was painted by EC film producers yesterday, if the cinema and audiovisual sectors are included in the Uruguay Round of Gatt. Figures from Europe's cin-

ema industry lobbied the European Commission yesterday to get the sector taken out of the Round, warning that unless it is "Europe will become a Third World continent," in the words of Mr Wim Wenders, the German film director. The Commission wants film

and broadcasting to have the shield of Gatt rules, and says it is fighting for "cultural specificity" for the sector, allowing some protection and continu-ing subsidy. France, with back-

such as Spain wants a "cultural exception" exempting cinema altogether.

A range of mostly French industry groups argued yesterday that Europe would be swamped by Hollywood in a Gatt-regulated open "culture market." They pointed out that US film export revenues rose from \$750m (£490m) in 1980 to \$5.5bn last year, and that \$3.7bn of 1992 sales were in

EC attempts to reserve a najority of screening time on television to European work has not blunted US penetration of the EC market, they said. Mr Wenders said the audiovisual industry would be the

next century. Europe had to

trade representative Mickey Kantor at a new round of Gatt talks in Brussels yesterday. US officials say they are relabiggest on the planet in the tively relaxed about subsidies

for EC film-makers, but would

decide whether its modest share would continue to exist or not, before the Uruguay products entering the EC. Round mid-December deadline.

When the controversy was aired by EC foreign ministers "There is a war going on, and the most powerful weapons are images and sound," he said. "To have a market dominated by American imagery means not only domination by American values and American ideas, but that other (ECmade) products would disappear," because of concomitant

US domination of advertising. Sir Leon Brittan, EC chief trade negotiator, was expected to discuss the issue with US

impediments to US audiovisual

last week, Sir Leon insisted that leaving the sector outside Gatt would leave it vulnerable to US trade reprisals - although Europe's film and TV industry earned US revenues of only some \$250m last year. He picked up a reference from Mr Alain Juppé, France's

foreign minister, to Francophone Quebec securing a "cultural exception" inside the US-Canada free trade agreement due to be carried over into the North American Free Trade Agreement embracing Mexico. Sir Leon said this still left the Canadians vulnerable to US "301" trade legislation.

resumption in Kuwait

TYNESIDE consulting engineers Merz and McLellan are to resume work on the 2.400 MW Sabiva oil and gas fired power station in Kuwait more than three years after the Gulf War haited work on the

project, Chris Tighe reports. The company was awarded the station design and project management contract in 1988, but Merz engineers were taken hostage in Kuwait at the outbreak of the war.

The new £17.5m contract from Kuwait's Ministry of Electricity and Water involves three years' work at Merz's Newcastle head office, and seven years on site. Merz and McLellan also announced yesterday it had won power station contracts worth £2.6m from Syria and Hong Kong.



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By Michael Prowse in Washington

ATTEMPTS by Congress to reduce the independence of the US Federal Reserve would be a "major mistake." Mr Alan Greenspan, the Fed chairman, warned yesterday. He was reacting to proposals by a congressional committee to make regional Fed presidents political appointees. Mr Greenspan said the Fed's struc-

ture reflected a fine balance between federal and regional, public and private interests. More political control

inflationary bias to the economy and could lead to instability, recession, and economic stagnation"

He argued that most countries were taking steps, or considering action, to increase the independence of their central banks.

Mr Greenspan did, however, concede that greater efforts were needed to lift the pace at which women and minorities were promoted to senior posts within the Fed system.

The Fed chairman was giving testimony at a congressional hearing called by Mr Henry Gonzalez, the

Democratic chairman of the house banking committee. Mr Gonzalez has proposed legislation that would give President Bill Clinton power to appoint the presidents of the 12 regional Federal Reserve banks, sub-

ject to confirmation by the Senate. The regional presidents play an important role in US monetary policy because, in rotation, they hold five of the 12 seats on the Federal Open Market Committee, the body that sets US short-term interest rates. The rest are held by the seven Under current rules, regional presidents are elected by the boards of the regional Fed banks. A majority of directors of these boards are elected by local private-sector banks.

Mr Gonzalez and many other legislators say this makes the Fed an undemocratic and unaccountable institution. It is the only branch of government where private citizens are allowed to play an important role in determining public policy.

Mr Greenspan has been careful to maintain cordial relations with the Clinton administration, which shows

no sign of supporting congressional initiatives to reduce the Fed's inde-

However, Republicans are also uneasy about the Fed's anomalous structure. At yesterday's hearing, Mr Jim Leach, the ranking Republi-can member of the banking committee, said the present system was "indefensible". He drew attention to the Fed's regulatory responsibilities, and said it was unseemly that private-sector bankers were effectively

regulating themselves He opposed Mr Gonzalez's proposed reform, arguing that public accountability could be assured by the less drastic step of making the Fed governors (who are appointed by the White House) responsible for appointing the regional presidents.

Mr Greenspan rejected Mr Leach's proposal, arguing that it was unwise to tamper with a system working

Under present rules, Fed governors confirmed the appointment of regional Fed presidents and, if necessary, could demand their resigna-

Anti-trust extension 'could increase conflict with UK'

By Robert Rice, Legal Correspondent,



A US Supreme Court ruling US anti-trust activities of lead to increased conflict between the UK and the US, a

British trade official has At the end of June the Supreme Court ruled that US courts had jurisdiction over alleged collusive action between reinsurers at Lloyd's and US primary insurers, even though the alleged behaviour ance regulatory regime.

Mr Edmund Hosker, who is

based at the British embassy in Washington, told the Interna-tional Bar Association meeting in New Orleans that the most troubling aspect of the decision was that it was a retreat from a previous position, which required US courts to balance the competing interests of jurisdictions involved before assuming jurisdiction itself.

There had been conflict between the US and UK over anti-trust issues before, most noticeably the Westinghouse uranium case in the 1970s which resulted in the UK's passing a blocking statute to reduce the impact of US antiof the Lloyd's underwriters trust laws on UK companies.

Mr Hosker said he feared the Supreme Court decision would encourage state authorities and private plaintiffs in the US to launch anti-trust cases against foreign companies over activities which were entirely acceptable under their own

regulatory regimes. "I fear it may also reduce the incentive to co-operate with US regulatory authorities in the anti-trust sphere and could result in foreign governments making wider use of blocking statutes," he said.

The Supreme Court had indicated there was not a conflict between the UK and US in the reinsurance case, but the British government had made it clear in three amicus briefs

operating in US markets did create a conflict.

"if the position is reversed it is difficult to see the US not complaining," he said. Mr Hosker said the only way to limit potential for conflict was to continue efforts to

Ms Diane Wood, the US deputy assistant attorney general for trade policy, said Mr Hosker was exaggerating the potential for conflict over the

There were always going to be overlaps of jurisdiction, she said, but that did not necessar-



Exiled Haitian president Jean-Bertrand Aristide calling for renewed sanctions against his country to force its military rulers to honour a UN-brokered peace deal. The US has suspended plans to put 600 military advisers in Haiti after gun-wielding militants stopped a Navy ship from docking

Family creditor could upset Brazilian debt negotiations

Stephen Fidler looks at the role of a private non-bank investor

the Brazilian govern-ment and its fourth largest private foreign creditor the Brazilian govern-- the Dart family of the US emerged this week after Brazil rejected the family's offer to participate in the country's commercial bank debt restruct-

The family holds around \$1.4bn in face value of bank loans to Brazil, or about 4 per cent of the commercial bank debt covered by the restructurbought at a discount in the secondary market over the last two years - as a long-term investment. The family owns Dart Container and made its fortune from the development

of the polystyrene cup.

The deadlock could, if not resolved, delay completion of the accord. It also raises questions about the growing proportion of developing country bank loans now in the hands of private non-bank investors,

Restructuring agreements have for more than a decade been negotiated by leading creditor banks appointed by debtor governments sitting on a so-called advisory committee. Non-bank investors have never been asked to sit on a committee, aithough they now often hold more than half of the outstanding bank debt. In a statement this week, the

N IMPASSE between Dart family complained that it for example, have yet to be "was never consulted during the negotiations that resulted in the Brazil financing plan" despite its position as the fourth-largest holder of Brazil-

However, from the banks and the debtor governments' point of view, the emergence of private investors may further

The dispute has arisen over the restructuring of \$35bn in

debt. Terms were negotiated between the envernment and an advisory committee of 19 banks, but the completion of the accord is still awaiting, among other things, the final agreement of the hundreds of complicate the already agonis-

Non-bank investors have never been asked to sit on an advisory committee, although they now often hold more than half of the outstanding bank debt of a developing country

ing process of debt restructur-ing. For one thing, such private investors are not susceptible to the persuasion from bank supervisors which has been evident in past restruct-

Brazil is the last of the big four Latin American debtors after Mexico, Venezuela and Argentina – to be negotiating a debt reduction accord, but the deal could have an impact on future debt accords. Debt set-

Creditors were offered the choice between six types of financial instrument aimed at reducing the country's debt burden. Brazil negotiated the right to request changes in the eventual allocations because some instruments implied a higher cost to the country than

The Dart family said this week that when the restructuring plan was first announced in September 1992, they were encouraged by the Brazilian

loans for bonds which did not carry collateral. US Treasury zero coupon bonds are to be pledged against some of the options to guarantee principal or some interest payments, and the government was worried about the cost of this collat-

The family opted for so-called "C" Bonds, 20-year instruments which carry interest rates of 4 to 5 per cent for the first six years and 8 per cent for the rest of their lives. The difference between 8 per cent and the lower interest rates in the bonds' early years is rolled up into capital.

The Darts calculate that by choosing this option, they would save Brazil more than \$200m in up-front capital costs that would have been needed to buy the collateral. Nonethe less, they were asked to shift their choice by the government. According to their statement, the Darts refused, professing satisfaction with their original commitment. This week Brazil "had seen fit to

reject that commitment". A spokeswoman emphasised that the shifting of options was voluntary. She said the family now regarded the "chapter as closed" and would expect Brazil to service its existing credits. The response from the Brazilian side is as yet unclear.

Minimum wage rise warning

THE desire of the Clinton administration to raise the federal minimum wage, restated this week by Mr Robert Reich, labour secretary, is already meeting stiff resistance from

Mr Reich said he was thinking of recommending an increase of 50 cents to \$4.75 an

hour. However, he added that some of the increment might be accounted for by new healthcare benefits for lowpaid workers. The last increase, from \$3.80 an hour,

was in 1991. Nearly 5m officially-employed Americans are being paid the federal minimum, or less. Mr Reich, arguing this

years ago, doubted that an increase would have any negative impact on unemployment. Organised labour has been pushing for a rise to \$5.25 an hour for over two years.

However, spokesmen for small businesses, especially the hotel, fast-food restaurant and retail trades, countered

seek UK military support in Port of Spain

Belize to

MR Manuel Esquivel, prime minister of Belize, is to ask Britain for further assurances of military support if the Central American country is threatened by neighbouring

Guatemala. Mr Esquivel, who will visit Britain between Sunday and Wednesday of next week for discussions with government officials, said he was increasingly concerned at continued instability in Guatemala, where the congress and the supreme court have rejected a demand from President Ramon de Leon Carpio that they

resign.
"All this could provide an opportunity for those elements in Guatemala which always want to raise the issue of Gua-temalan claims to Belize," Mr Esquivel said. "All this concerns us as it could result in the overturning of former President Jorge Serrano's recogni-

Guatemala's 130-year-old territorial claim to Belize was ended last year by a pact between the then-president Serrano and Mr George Prica, the former premier of Belize, in which Guatemala recognised Belize as an independent

Kun

Brita

Worries that the Guatemalan military might invade Belize in pursuit of the territorial claim led to the stationing of a 1,500-strong UK garrison in Belize. Earlier this year the British government said it intended to withdraw the garrison, but would use the facilities for military training.

The garrison has contributed significantly to the economy of Belize. Mr Esquivel said a new budget next month would take account of the impending loss of income, as well as under-es-timated expenditure and overstated revenue in the previous

Guatemalan soldiers hunt rebels

GUATEMALAN soldiers have been searching for leftist rebels around the town of San Marcos after a sudden flare-up in fighting, a military spokesman said, temala City.

Soldiers were patrolling western Guatemala after the battles which occurred between Friday and Monday, he added. Three soldiers and a guerrilla were killed and 24 people injured in the clashes.

From Mexico, a news agency believed close to the rebel Guatemalan National Revolutionary Unit said the clashes were part of a national offensive against the Guatemalan army. President Ramiro de Leon has accused the rebels of replying with bullets to a peace plan presented to them last week.

Argentina hopeful over Falklands poll

THE Falkland Islands go to the polls today, with a record 25 candidates competing for the eight seats on the local council. The elections are arousing particular interest in Argentina, which fought a 74-day

war over the Falklands with Britain in 1982, and still claims sovereignty over the islands:
Mr Guido di Tella, Argentina's foreign minister, claims that a coreign minister, claims the elections will bring a more "enlightened" group of councillors to power who will be more

willing to talk to Argentina.

However, the chances are that such hopes will be disappointed. None of the candidates, who run as individuals rather than under the party banner, is willing to have more contact with Argentina than is strictly necessary until it drops its sovereignty claim.

Guzman 'peace offer' may bring end to Peru terror

Sally Bowen on imprisoned guerrilla leader's videotape call for his followers to end their struggle

HE long war waged by hard-line Sendero Luminoso (Shin-ing Path) guerrillas against the Peruvian state could be drawing to a close that would have been inconceivable little more than a year

President Alberto Fujimori made public at the weekend a video recording in which Abimael Guzman, Sendero's founder-leader. repeated his call for peace talks. In a script which could almost have been written by Mr Fujimori himself, Mr Guzman admitted the success of the Peruvian government's counter-subversion strategy, "especially in the area of intelligence."

Mr Guzman said his capture and that of other high-ranking Sendero leaders had raised "fundamental

questions of leadership" within the organisation. The party confronted "a great and historical decision," he said. With the same "firmness and resolution" that they had embarked upon the "people's war" 13 years ago, they should now "fight for a

peace accord," he said.
The self-styled "fourth sword of Marxism" (after Marx, Lenin and Mao), however, has not recanted. On the contrary, he claimed to have used classic communist concepts to "make a concrete analysis of a concrete situation."

Mr Fujimori, for his part, has repeated what he said in his address to the UN general assembly on September 30 - that there can be no negotiations, only "conversations." Mr Guzman, after all, has been convicted of terrorism and, under Peruvian law, sentenced to life imprisonment, Sendero Luminoso has never been accorded belligerent status. Concessions would be limited to a relaxation of Mr Guzman's rigorous prison conditions, which appear to

have affected him profoundly. In the video recording, the long-feared Sendero leader looked a shadow of his former combative self. Clean-shaven, smartly dressed, much slimmer and with his greying hair apparently tinted, he was filmed alongside companion and chief lieutenant Ms Elena Iparraguirre, obedi-ently copying out his peace letter

Although Mr Fujimori coyly refuses to confirm it, the psychologi-cal victory over Mr Guzman seems

to belong to Mr Vladimiro Montesi-nos, the shadowy former army captain who has become the preside chief adviser. Mr Montesinos first made contact with Mr Guzman last October in the early days of his captivity when their conversations ranged over philosophy, history and politics. In recent months, Mr Montesinos has frequently been the president's emissary to the Callao naval prison.

It seems clear from the recent series of Guzman-iparraguirre videos that Mr Montesinos succeeded in winning their confidence. Part of what Mr Fujimori called the "psychological war" against Mr Guzman included allowing the pair to celebrate Ms Iparraguirre's birthday together. Mr Fujimori himself sent a

cake and a small personal gift.
Military experts interpret the two Guzman letters as a message to Sendero militants that the "sixth plan" - which commenced in January 1992 and which the captured Mr Guzman had previously urged fol-lowers to continue with - should be

Some analysts believe the "peace offer" may be a strategy to allow the hard-hit organisation to gain time

and regroup.

But, even if it is sincere, it may not be obeyed. An anonymous member of Sendero's "metropolitan committee," quoted in a Lima magazine, denounced the videos as "a govern-ment trick to deceive the people." He said the armed struggle would continue and forecast attacks in the

near future against banks and selected government officials. Within hours of the most recent video broadcast, a Sendero column attacked a village in Ayacucho prov-ince and hacked 15 villagers to death

in reprisal for forming an army-backed civilian militia. "In far-flung areas of Peru, it may take longer for pacification to come about," Mr Fujimori said.

The government is planning to modify the current "repentance laws" to encourage more disaffected Sendero supporters to surrender. Sendero expert Mr Carlos Tapia estimates some 600 militants have been killed and another 2,400 captured. accounting for about two-thirds of the group's active combatants. Few have voluntarily surrendered.



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N-plant plan fuels

Belize to seek UK military support

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Guatemala soldiers hunt rebek

Argentina hopeful orei row on atomic power

NUCLEAR ELECTRIC, the state-owned utility, is expected to fuel the growing controversy over atomic power today by submitting a planning application to build the country's biggest nuclear station, at Sizewell in Suffolk.

The company is to brush aside official concerns that submitting an application for the £3.5bn twin reactor will complicate the controversy surrounding the Thorp nuclear reprocessing plant at Seliafield in Cumbria, the future of which is under government

Mr Tim Eggar, energy minister, is likely to be non-committal today about Nuclear Electric's submission, arguing that it is a decision made by the company's board but not encouraged by him.

Sizewell C would be the biggest civil engineering project in the country, providing more than 15,000 jobs during the 10 years of its construction and commissioning, according to

THE KUWAITI finance and oil

ministers are planning to meet

British government ministers

to discuss the £600m in tax

which the Gulf State may owe

on its investment in British

"I understand they are due

[in the UK] soon," said a senior

The Financial Times recently

reported that the Gulf State

may have abused its sovereign

immunity from taxation in

relation to its purchase in the

late 1980s of a stake close to 22

It has received more than

£600m in tax refunds on

income from the BP shares to

which it may not have been

entitled, because the shares

Petroleum shares.

Kuwaiti adviser,

ists. They believe Nuclear Electric should hold back until the end of the government's nuclear review. That is due to start later this year and will examine whether further nuclear stations are necessary.

Sizewell C, the proposed plant, would have a capacity of 2,600 megawatts. That is more than twice the capacity of Sizewell B, Nuclear Electric's other pressurised water reactor station, which is nearing completion on an adjacent site.

Nuclear Electric's claim that Sizewell C would produce elec-tricity at 3p a unit is disputed by environmentalists, who argue decommissioning costs and dealing with waste could take the price above that and make state subsidies essential. Confirming Nuclear Elec-

tric's submission plans Mr Bob Hawley, chief executive, said that the planning, building and commissioning process would take some years. "The earliest we can commission the station is 2001," he said. "We do not want to pre-empt the nuclear

Kuwaiti ministers may visit

were not a direct investment of

The adviser said that it

the Kuwait state, as originally

would be unwise for the UK to

press for repayment of the

£600m. because UK exports to

Kuwait, especially defence con-

tracts, could be jeopardised. He

said it would be better for the

two countries to come to a

"mutual understanding" on the

However, a government offi-

cial said there was no possibil-

ity of the Inland Revenue cess-

ing its investigation of whether

the tax is payable. "There is no

way the Treasury or Foreign

Office can intervene in an

investigation of this kind," said

The Foreign Office and the

BP affair.

were purchased by the Kuwait Treasury both said they were

Petroleum Corporation and not aware that any meetings

minister.

Albaraka.

Britain to discuss BP deal

The submission for the reac- review nor will we be able to tor will anger environmental- do so. But we believe strongly a replacement is needed for the Magnox nuclear stations which will be phased out around the turn of the century."

An application by the Central Electricity Generating Board, Nuclear Electric's pre decessor, to build Sizewell B resulted in a three year public inquiry in the mid-1980s. Nuclear Electric hopes to avoid a similar delay on Sizewell C by arguing that the safety implications have already been examined in the B inquiry and another at Hinkley Point.

The economics of the project are likely to be examined in the nuclear review. The company says any inquiry into Sizewell C should therefore be restricted to general planning issues such as site access. Environmentalists are certain to press for a more wide-

Nuclear Electric generates about 23 per cent of England and Wales's annual electricity says it would not expect to go

had been scheduled with Mr

Nasser Abdulla Al Rodhan,

Kuwait's finance minister, or

Mr Ali Ahmad Al Baghli, its oil

It also emerged yesterday

that a new general manager is

being appointed at the interna-

tional investment arm of the

Kuwaiti government, the

Kuwait Investment Office,

which bought the BP shares on

He is Mr Yousef Al-Awadi,

currently managing director of

the Al Baraka Investment

Company, the investment arm

of the big Saudi conglomerate,

officer of Gulf Bank, the

Kuwaiti commercial bank, he

Formerly the chief executive

behalf of the KPC.

retailing. Financial services and construction are expected to show

The UK has the highest proportion of women business

since 1989. In financial services companies, 44 per cent of business travellers are women. Spain had the second highest proportion of women travellers at 17

Just 11 per cent of senior UK managers fly first class on long-haul flights, with 48 per cent travelling business class, 26 per cent economy and 15 per cent having no

Britain in brief

on business travel set to rise by 9% By Michael Skapinker, Leisure

Timex vote on cash

settlement

BUSINESS travel expenditure is expected to show a bigger rise in the UK this year than in any other European country except Hungary, according to a survey published yesterday by American Express.

Industries Correspondent

UK spending

Its survey of 3,500 companies in 10 European countries found that UK business travel spending is expected to rise 9 per cent this year to £19.2bn.

This follows declines of 2 per cent last year and 9 per cent in

Expenditure in Hungary is predicted to grow by 14.3 per spending will rise by 4.4 per cent. Travel spending is expected to fall 6 per cent in Germany, 4 per cent in France, 11 per cent in Sweden and 5 per cent in Switzerland, the survey

The largest increases in UK expenditure are expected to occur in the energy and chemi-cals sector, manufacturing and

the smallest rises, while travel expenditure will decline in the transport and communications

travellers in Europe, accounting for 23 per cent of the total. The proportion has doubled

per cent, followed by Switzer-land at 14 per cent and Sweden at 12 per cent.

fixed policy.

The proportion of first-class UK flyers is in line with the European average, but is below countries such as Spain, where 21 per cent fly first class, and takes up his post at the KIO on Belgium where the figure is



Former employees of Timex in Dundee will vote today at a mass meeting on whether to accept ex gratia payments from the US based company to end the bitter ten month dispute that led to the closure of the plant. The company said last night that the initiative for the cash inducements came from the executive council of the AEEU engineering and electrical union and it had made a "constructive

Despite the shutdown of its Dundee operations Timex has continued to face industrial action including a global boycott from the strikers. The proposed cash settlement is an attempt to bring a close to one of the fiercest industrial conflicts for many years.

Review of rules on immigration

A study of ways of improving the efficiency of government agencies in tackling illegal immigration into Britain was announced by Mr Michael Howard, home secretary, yesterday.

It will examine the effectiveness of co-operation arrange-Office immigration and nationality division and other bodies including the police, the social security and employment departments, the National Health Service and housing authorities.

The review will be part of the government's efficiency scrutiny programme. It is due to be completed by next spring.

Moves on PR to be resisted

Any attempt to require all members of the European Community to use some form of proportional representation

for elections for the European parliament would be resisted by the government, Earl Ferrers, Home Office minister. told the House of Lords.

He told the second chamber of the British parliament that the unanimity rule would apply when the issue was dis-cussed by the EC council of ministers.

Lord Ferrers said the government saw no reason to depart from the existing firstpast-the-post system, and it would not be forced into adopting a system it did not

The committee stage of the European parliamentary elec-tions bill, which has already been approved by the House of Commons, was completed.

Kent business to co-operate

Small chambers of commerce in Kent are joining together to promote the county's attractions as a business centre in competition with Continental European markets.

The Kent Chamber of Commerce and Industry is intended to boost exports, improve the quality of business information and strengthen training. Kent's

fragmented chamber network, just across the Channel from powerful, publicly funded chambers in France and Belgium, has long been seen as an example of the weakness of the

British system. Mr Martin Graham, chief executive of the new Kent chamber, commented: "A Spanish businessman visited one of our chambers up a dingy flight of stairs and said: 'Are you serious?"

Soldier wins race damages

A black soldier was awarded £6,500 by an army inquiry board yesterday for suffering racial abuse from other sol-diers. He received £5,000 for injury to his feelings and

£1,500 aggravated damages.

The board found that Corporal Jake Malcolm's posting to the Lifeguards (Royal Electri-cal and Mechanical Engineers) in Germany was altered because of his colour. He is still a senior clerk with REME.

An army board of inquiry upheld his complaint, "We are satisfied from the evidence to the board that Corporal Malcolm's posting was changed The Central London Law Centre said it was pleased that the army had been ready to investigate and recognise the discrimination that took place but added it was a pity Corporal Malcolm had to go so far as to bring a civil legal claim to have the matter dealt with.

Oil drilling to start off Dorset

An oil drilling rig is expected to be towed into Poole Bay, off the Dorset coast, this week to start six to eight weeks of exploration in the environmentally sensitive area.

The rig, which will be about 8km offshore, will drill into a rock structure about 2.000 metres beneath the sea bed. Elf Enterprise, a joint venture between Elf of France and Enterprise Oil, the UK inde-pendent exploration and production company, stressed that "safety of people and the envi-ronment will be our first prior-

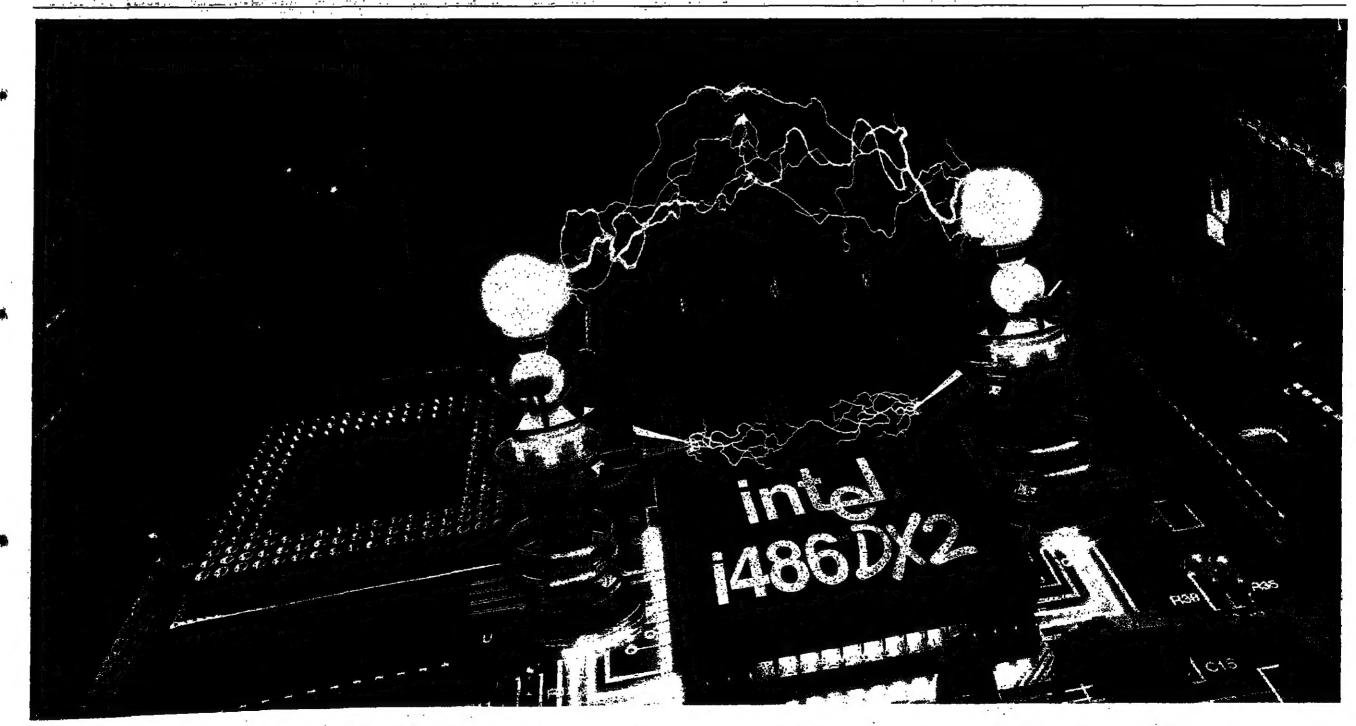
Previous explorations in Poole Bay triggered protests by environmentalists and the local fishing industry, which last year organised demonstrations against a large-scale seismic survey of the area.



Police wade through flooded residential streets in Windsor, near London. The recent widespread flooding in southern England is unlikely to have any serious financial impact on insurance

companies or local anthorities according to provisional indications.

Sun Alliance, the composite insurer, said: "For the people who are flooded it's terrible, but it's not widespread from an insurer's point of view." Flooding to fields, and localised property damage, do not create serious claims. Boyal Insurance and Commercial Union also reported that claims were unlikely to have any significant impact, although marketmakers in the City sold composite insurance stocks all day yesterday. CU said its claims were "in tens rather than hundreds or thousands", while Sun Alliance had only received 17 flood damage claims, and suggested that the share price moves were due to "marketmakers driving through flooded roads this morning".



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US group may buy into Lloyd's agency

By Richard Lapper in London

A GROUP of US financial institutions is negotiating to acquire a substantial stake in a leading Lloyd's underwriting agency, a subsidiary of the Merrett Group, in a significant innovation for the insurance

The group said yesterday it had approached Lloyd's with an outline plan to transfer its underwriting business to a new agency, in which J.P. Morgan, the investment bank, and

Radio chief

produces

decoders

By Richard Donkin

nels in Europe.

and Raymond Snoddy

THE CHAIRMAN of a

Birmingham commercial radio

station has built up a

multi-million pound business

making and supplying pirate decoder cards for a wide range

of subscription satellite chan-

Mr Chris Cary, a former

pirate radio broadcaster on

Radio Caroline, runs an elec-

tronics company in Camber-

ley, Surrey, which is offering unauthorised decoders for channels using the EuroCrypt security system. He describes

The channels include Scandi-

navian channels TV 1000 and

the three channels of TV3 plus

Filmnet, the English-language

film subscription broadcast to

the Low Countries, and Film-

max, another film subscription

channel. Hard core pornogra-

phy is available at night on some Scandinavian channels.

Supplying decoder cards for

TV 1000 and the TV3 channels

is almost certainly a criminal

offence in the UK. Both

nimself as a consultant.

pirate

Marsh & McLennan Risk Capital, a subsidiary of the world's biggest insurance broker, Merrett employees and other investors would own stakes.

The move was designed to secure the future of the troubled agency, chaired by Mr Stephen Merrett, who resigned as deputy chairman of Lloyd's last month. It is also envisaged that the agency will underwrite business for an insurance company, which would operate alongside the syndicates on a so-called "consortium" basis.

Together the insurance company and syndicates would aim to maintain existing business. The move comes in the wake

of a sharp contraction in the capital base of the Merrett syndicates, following the desertion from it this year of many Names, the individuals whose assets support Lloyd's.

Mr Stephen Cane, managing director of the Merrett Group. said that the new investors would "probably" have a majority of the new agency. He insisted the Merrett Group did

not want to leave Lloyd's but conceded "this is a significant departure for a typical Lloyd's underwriting operation".

The insurance company is a "substantial and significant" US player. It could provide about a quarter of the Merrett agencies' capacity next year, Mr Cane said. More than three-quarters of the business underwritten by Merrett syndicates comes from the US.

Lloyd's said there was "nothing in the current regulatory framework which would pro-

that is not to say within a specific case we don't have to go through it do it with a fine tooth comb".

Marsh and Morgan agreed earlier this year to form a new Bermuda-based company to reinsure business accepted by the Merrett syndicates. The sudden decline in the fortunes of Merrett Group had jeopardised the success of that plan.

The group hopes to conclude negotiations on the arrangements by the end of the month.

Ulster Unionist leader rules out early Dublin meeting

By Tim Coone in Dublin

MR JAMES Molyneaux, leader of the Ulster Unionist party, has ruled out an imminent meeting with Mr Dick Spring. Irish foreign minister, to discuss the Hume-Adams peace initiative, despite strong interest in Dublin for such a meet-

Mr Molyneaux yesterday said: "I already know what's in (the initiative). It is a grandiosa scheme calling for the self-determination of the whole of Ireland and designed to go over the heads and the wishes of the people of Northern Ireland. We don't have to sit on the edges of our chairs to hear the detail."

The UUP is not demanding to be briefed on the initiative and Mr Molyneaux has no plans for an imminent meeting with Mr Spring. This contradicted reports in the Irish media that Mr Molyneaux was already in Dublin. "I am flattered to discover that I am the first mortal to appear in two places at once. I have been working a long time to achieve that," he said.

The reports appear to be

fuelled by a keen interest

are based in the UK and from the Irish government to send their signal to talk to the unionist parties. the broadcasting satellite from The Department of Foreign Affairs in Dublin said: "We Mr Cary said vesterday be would very much look forward was selling Buzz FM, his Bir-mingham-based radio station, to a meeting with the unionist leadership if it could be in a £500,000 deal. arranged. The invitations are

Sinn Féin may open Brussels office

Sinn Féin is planning to open an office in Brussels to muster European support for the Republican cause. It will be the first Sinn Féin office in Europe outside Ireland and Britain, reflecting increasing hopes that the 25-year conflict can be settled with the help of EC pressure.

Sinn Féin chairman Mr Tom Hartley told a news conference in Brussels: "It is very obvious that the Community brings together many politicians from Europe. Sinn Féin would like to tap into that. We would like to see Europe involved in doing something to resolve the Irish problem.

He added: "We are here to encourage European parties and governments to apply to the conflict in Ireland the same degree of interest which they have shown to other conflicts. International opinion can do much to help end hostilities and to assist in the development of national reconciliation and eco-

The Brussels Commission has deliberately avoided involvement in disputes involving member states which are considered no business of the Community.

No date has been fixed for the opening of the office, but Mr Hartley said it was a top priority for the organisation.

on record. It is a matter for Mr Molyneaux and others to pick the appropriate time."

Mr Molyneaux did not rule out the possibility of a meeting at a later stage.

The Irish government was briefed last week on the Hume-Adams peace initiative by Mr John Hume, leader of the Social Democratic and Labour party. Details are being kept secret for fear that what is now considered a nascent peace process could be halted by publicity before all parties have been given a chance to con-

tiative was indicated earlier this week by the Rev Martin Smyth, UUP MP for South Belfast, who said that Sinn Féin would be accepted by the UUP at the negotiating table if there was to be a total cessation of violence. What remains to be

Mr Ken Maginnis, the deputy leader of the UUP said yesterday that a total cessation of violence would require the handing over of all arms caches "by the IRA and other paramilitary groups".

clarified are the terms on which the IRA would be will-

ing to abandon its 25-year mili-

September new issues by borrowers total £3.1bn

NEW ISSUES by borrowers in the UK for September totalled £3.1bn, according to monthly figures released by the Bank of England yesterday.

UK borrowers' new issues denominated in sterling were £2.8bn, while sterling issues by overseas borrowers were 2527m. The figures reflect the substantial reliance being placed on capital markets, and are important in determining the Bank's estimates the demands on the money supply.

The largest issue last month was the £405m rights issue by brewery group Scottish & Newcastle. Other large rights issues included £333m from Cadbury Schweppes, £307m from Rolls Royce, and £215m from Tarmac.

Lothbury Funding No.1, vehicle for National Westminster Bank, announced a three tranche issue of mortgagedbacked floating-rate notes for 2300m, and the Japan Development Bank launched a fixedrate sterling bond issue of

Actual gross issues by UK borrowers during September were \$2.4bn, with redemptions of £1.2bn and net issues of £1.3bn. Gross issues in sterling by overseas borrowers were £357m, with net issues of



Tory backbenchers set to resist defence budget cuts

By David Owen

Conservative backbenchers will next week attempt to stop further deep cuts in UK defence spending in the drive to meet public spending targets for the next three years.

Several Tory MPs are expected to use a two-day Commons debate on this year's defence white paper to say the armed forces are already stretched.

This will follow the publication on Monday of a report by the Commons defence committee which is expected to be critical of some of the the

white paper's plans. Sir Nicholas Bonsor, Conservative chairman of the committee, said this week he was "extremely alarmed" by reports that more defence cuts might be in the offing.

This new expression of backbench discontent follows

clashes between Mr Maicolm Rifkind, defence secretary, and the Treasury over demands for billions of pounds of additional cuts from the £23.5bn defence budget. Mr Rifkind is demanding a full-scale review of the armed forces if the Treasury refuses to drop its demands.

Even if he beats off all the Treasury's demands, defence spending is set to drop by 1995-96 to its lowest level as a proportion of Britain's gross domestic product for decades.

Though the white paper contained a series of new cuts, some long-awaited measures were put off. These may now be examined by EDX, the cabinet committee charged with sharing out the spending cake. They include plans for an airlaunched nuclear missile and a decision on whether to upgrade existing tanks or buy more Vickers Challenger 2s.

been outside the public spend-ing control total from April. This makes the option of encouraging staff to retire early more attractive since the wage bill could be trimmed while the corresponding increase in pension outlays would not be counted.

• Defence suppliers may in future contract to provide staff as reservists, under proposals by the Ministry of Defence.

Companies would undertake to provide a service, such as maintaining equipment, for an agreed payment. They would have to ensure that enough of their employees became mem-bers of the volunteer reserves, to allow them to be deployed. • Unions are seeking talks with ministers following over the 500 redundancies planned at Devonport naval dockyard in Plymouth, Devon.



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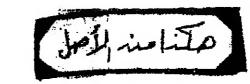
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A OCTOBER 14 1997

Andrew Fisher on the wealth of engineering talent in Moscow Pick of the Russian software crop

oing business in Russia might not seem the most attractive of propositions just now, let alone employing experts there to develop a core part of your business.

But one US computer company. Pick Systems, has found that the skills of software writers in the former Soviet Union have enabled it to expand its product range more quickly and cheaply than if it had relied solely on the facilities at its Irvine, California, headquarters.

"We couldn't afford to put the same amount of resources in the US for cost reasons," says Denis Hill, a Pick director. The company, which developed computer systems in the 1960s for the US Army in Vietnam, employs nearly 60 software engineers (two-thirds of its total) in Moscow, and plans to double this by spring. Unlike some other international

computer concerns, Pick is not simply using Russian software experts to develop applications for local use. Pick software is widely used in Russia, operating at some 200 sites in Moscow and St Petersburg, one of its chief functions being to keep an eye on tax payments.

The company wanted to do more than this, however. Having begun to employ Russian experts four years ago when they first became available after the Soviet empire collapsed, it then decided to put them to work on developing its basic operating software designed before the emergence of open systems such as Unix and adding new functions. These are now about to come onto the .

of our labour," says Glyn Yarnall, UK sales director, about Pick's Moscow development centre. It will soon move from its cramped

offices in the Olympic stadium. Pick's Russian employees, whose average age is about 30 "these are fast track, really bright young guys," says Hill -have developed both a graphical user interface (to simplify on-screen instruction) and a structured query language (enabling easier access to databases) to strengthen the

company's software range. "Without Moscow, this would have cost more and taken longer,"

adds Yarnall.

Because of their academic background and the fact that, in the communist days, they had to do without western computer equipment and thus work out their own systems and solutions. Pick's Russian employees tend to have a stronger scientific leaning than those in Irvine, reckons Hill. "These people have a really solid education in

software engineering." Although costs are rising rapidly in Russia, they are still significantly lower than in the US, apart from office rents. Hill says the cost of the Moscow operation is around \$25,000 (£16,500) a month; in the US, the figure would be around \$500,000. With the benefit of modern communications techniques, it is easy for Irvine and Moscow to keep in touch electronically.

Obviously, the company will not always be able to choose from among the best of Russian engineers, whose skills have also been used by companies such as Apple Computer.

Pick's first crop of recruits included software engineers who had worked on Soviet aeronautical, military and satellits programmes, as well as in computer research. "It is a blunt fact that if we didn't take them on, someone else would have." says Yarnall. "But you can't always get that calibre, so you also have to go for the second division people." Despite the temptations of life

abroad, Pick's Russian employees are generally content to stay where they are.

"They're not always keen to move," notes Hill. "They weren't used to mobility under communism. But they have enormous opportunities in Moscow, while in the US it is tougher to compete."

Having just returned to Irvine from Moscow, Hill says the Pick employees there - for the past six months, including no one from the US - worked right through the latest crisis. "They're living the adventure of what's going on in their country."



Turn on, tune in and print out

An experimental interactive television service is set to after our viewing habits, writes Louise Kehoe

Orlando, Florida, will be invited to turn on, tune in and print out next year. when Time Warner launches its US interactive cable television services

As an adjunct to television shopping, "movies on demand", video games, information services and a host of other programming planned for interactive television, Time Warner will provide 4,000 subscribers involved in its Orlando I-TV trial with specially modified Hewlett-Packard colour printers.

Linked to the TV cable, the printers will enable users to make paper copies of TV screen images -Madonna in a striking pose or a family snapshot from a home video. The core technology for this new service was derived from HP's new line of "Vidjet Pro" printers for video production professionals. Connected to any video source, such as a television or laser-disc player, these printers store and reproduce individual frames, or sequences of frames, on plain paper at a fraction of the cost of current methods. The "home media printing service" will also let cable subscribers print out news and information selected from menus on the TV screen. The printer will enhance I-TV ser-

vices such as "TV shopping". Using

a remote control device, the sub-scriber could select the "Shopping Mall' section of Time Warner's I-TV network. A menu would enable the viewer to select a car based on a choice of priorities such as model, price, features or manufacturer. Next choice: "info-mercials" about cars that might suit. Still interested? Press a button on the remote control and a colour brochure giv-

ing details of the car is printed out. A few more clicks and the subscriber can request a test drive. A local dealer will receive the mes-sage - via his printer. Printers might also help to solve a thorny problem facing developers of I-TV services. Consumer research

suggests that when given the ability

to choose from a broad range of programming, the majority of viewers will not watch TV advertising. Of more than 3,000 people interviewed by H&M Consulting, a California market research firm, 73 per cent said they do not want advertising to impinge upon their interactive viewing. However, without advertising revenues, the cost of I-TV would be well above the average \$12 a month consumers expect to pay for interactive services, says

Mark Macgillivray of H&M. By printing out discount coupons or offering further information in the form of brochures, order forms

media printing service" can provide an incentive for viewers to watch advertising. And because viewers will select which commercials to watch, advertising can be tightly targeted to prospective customers.

The Orlando trial will provide valuable consumer feedback on all aspects of interactive television. HP acknowledges that its agreement to link printers to the cable TV service is experimental. One question is whether people will accept a printer in their living rooms. "The printer will have to be very small, and cost no more than \$300-\$400 [£197-£263]," says Jim Olson, general manager of HP's new video communications

For HP, the leading manufacturer of non-impact printers, the I-TV trial also represents an opportunity to explore the potential of "home peripherals" - products that blend home entertainment and computer Another question will be whether

home computer owners need an extra printer tied to their TV sets. It might be more efficient to link the TV cable to an existing PC printer. The next step in the confluence of computer and consumer electronics technology may be the "home network" - linking the PC in the study

Planning for a speedy recovery

Joia Shillingford on how NatWest got its computers back on their feet

Bishopsgate bomb in the City of London, Mary Jackson, head of technology at the NatWest Tower, came back from holiday. Next day, Saturday April 24, her mobile telephone rang.

The building was in darkness, she was told, and 10 of her staff were inside. "We thought it was just a routine bomb scare and were irritated by the thought of our weekend maintenance work being delayed by two hours," says

systems manager Geoff Taylor.

He looked into the computer room. The computers were exposed to the elements and some equipment, including a Wang minicomputer and a mid-range IBM AS/400, had been damaged. But most were still running. Since then, Jackson and her colleagues have been involved in both technology change and disaster recovery.

She first contacted 20 of her staff and asked them to meet her on Sunday. From the building, they removed important files such as a printout with details of all computer equipment allocated to each person in the tower.

Most equipment had survived. But dust and glass had rained on to the computers, getting between cracks and under keyboards. Loss adjustors said they would have to be removed, taken apart, cleaned and re-assembled.

Personal computers and substitute Wang systems had to be borrowed from other parts of Nat-West and suppliers. Voice and data lines were installed and rerouted through the bank's alternative City communications cen-

By Monday, all critical staff were provided with a telephone and PC. At first, most only had access to standalone PCs. But Friday night's Wang back-up tapes (moved off-site early on Saturday morning as usual) were installed. Since then, Jackson's depart-

ment has worked overtime to organise removal of computers, tapes, telephones and photocopiers from the tower to spare Nat-West offices nearby in Drapers Gardens.

Each batch of machines has been transferred to another floor and labelled for despatch to the

he night before the site where its former users now work. A final assessment of computer damage has yet to be made. Some of the Wang equipment was damaged, but the bank was already moving to PC-based local area networks (Lans) running the Windows graphical user interface and a mixture of Microsoft and Lotus applications. The bomb accelerated this process.

The tower's computer environment has now been duplicated at Drapers Gardens. But Jackson's team cannot relax. Taylor and other IT staff will work until Christmas to supervise the introduction of new Lans at Drapers Gardens as more users move in.

The introduction of PC-based technology has involved a steep learning curve for Jackson's staff and users. "Because of the bomb we've been forced to make a momentous leap from old systems to new." Users who worked on Wang systems in the tower, and with PCs or standalone Wang ter-minals at their temporary accom-modation, have transferred to Microsoft Windows applications at Drapers Gardens.

No one receives any other training until they have been trained on the Windows interface. "We make it very hard for them to say no to training because we offer it when it's convenient for them: day, night or even Sunday," says

Despite the rushed timetable, users' acceptance of change has been remarkable, says Jackson. "They know they have no choice but to adapt because the old system has gone. If we'd wanted to duplicate what they had before, we would have had to cable Drapers Gardens for Wang, then re-ca-ble for LANs."

Meanwhile, a new computer disaster recovery plan is being developed, perhaps using different NatWest data centres as back-up. "We had a disaster recovery plan before but recent experiences have focused our minds on becoming the best in the business," says Jackson. "We now have a hand-picked disaster recovery team made up of people with specialised knowledge who also do other jobs. And we have a detailed but highly confidential, plan which we are about to test."

PEOPLE

Human planning seeks boardroom recognition

The world of human resource management – still known as personnel in some quarters is often a vital element in corporate life. Slotting round pegs into round holes is never as easy as it sounds; yet the personnel department and its leadership is not the centre of grav-ity for many companies. But that is changing, accord-

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ing to Chris Brewster, director of the Cranfield school of management's centre for European human resource management, who has just been created professor in the same faculty. What is happening is that

human resource management has always been important for companies, but now it is becoming much more visible. As companies have to become more cost effective, they have to learn how to manage their human resources much more cleverly than in the past," says

Brewster's research shows half of all companies in Europe now have a human resource director on the board; he believes that percentage will increase in the next few years. It is certainly an area of corporate life where there cur-

rently seems to be a flurry of activity in the UK. Don Young, formerly direc-

tor of organisation and person-nel at Thorn EMI, has joined REDLAND as its director of human resources: David Garth, previously with Sears, has moved to the newly-created post of head of human resources at TARMAC, reporting to group chief operating officer John Lovering, Raymond Bainbridge is taking over as head of personnel of HONEYWELL'S European control components division; Andrew Mayo has moved at ICL from being its European personnel director to the company's director of human resource development; and Marc Dufour is moving from the US to become group per-sonnel director for NORTH WEST WATER.

British Telecom's group per-sonnel director, Richard Worsley, is taking a three year sec-ondment from BT to become director of the Carnegie Third Age programme, which, among other things, seeks to promote employment and educational opportunities for people aged

Paul takes over as Norwich Union chairman

George Paul, 53, chief executive of Harrison & Crosfield, the agriculture and foods conglomerate, is to take over as chairman of Norwich Union, the insurance and investment group. He replaces Michael Falcon, now 65, who is retiring at the group's annual general meeting next April, after 30 years as a director of the

Mr Paul, who has been a director of Norwich Union since April 1990 and vice-chairman since May 1992, has taken a keen interest in risk and insurance management, arguing that both insurance buyers and insurers themselves can much to reduce losses - and insurance claims - by implementing effective risk manage-At Harrison & Crosfield

claims from fires, thefts and accidents have fallen sharply and insurance costs reduced by between 30 and 50 per cent, since the group appointed a full-time risk manager and introduced safety features such as sprinkler systems to its factories, warehouses and offices. Mr Paul also plays an active



advocate of greater insurance industry involvement in the

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We're on to something RED HOT.

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Badgerline group bags new recruit

The Badgerline group, comprising bus and coach operations in the south of England, Wales and west Midlands, has appointed Andy Higginson, right, as a non-executive board member. Higginson has been finance director of Laura Ashley Holdings since 1990 and was previously finance director of Guinness

Brewing International Badgerline is busying itself preparing for its float on the London Stock Exchange, planned for November.

lts executive chairman, Trevor Smallwood, says that Higginson's experience of public companies was a key factor in making his appointment. Smallwood, who says that he has "been in buses for 27 years", felt that the five executives already had sufficient knowledge of the transport Higginson joins two other



non-executives on the board: Bill Forman, who joined on his

1991, and Philip Williams, who is with Hill Samuel in Birming-

Badgerline started life in numerous splinters from the old state-run National Bus company, privatised as a result of the 1985 Transport Act.

■ Sir Michael Bishep, who has been chairman of Airlines of Britain Holdings, owners of British Midland, since 1978, has joined the board of Williams Holdings as a non-executive director.

Brian McGowan, currently chief executive, has announced that he is retiring with effect from January 1 1994; Roger Carr, currently managing from FROGMORE ESTATES.

retirement from Vickers in director, will take over as chief ■ Tony Ryan has resigned

from TRAFALGAR HOUSE. ■ Ian Campbell, already a September 1986, being one of director of HUNTINGDON INTERNATIONAL HOLDINGS, as chairman; Bennie Wooley who previously held both posts, remains chief executive. John Jackson, chairman of Other non-executive appointments: Mishcon de Reya and chairments: Mishcon de Reya and chairman-elect of Ladbroke, at WPP. ■ John Hignett as deputy

chairman of TI GROUP. John Gardiner, chairman of the Laird Group, a director of PowerGen and chairman of the School Teachers' Pay Review Body, at 3i.

■ John McKirdy, a retired md at Noble Lowndes and deputy chairman of the BIIBA, at The FAME GROUP.

■ Geoffrey Birch has retired

othing demonstrates the value of brands more clearly than the frequency with which they are copied and counterfeited around the world by fly-by-night operators in search of a quick profit.

International Distillers and Vintners (IDV), the drinks subsidiary of Grand Metropolitan, has taken action against about 50 brand pirates in its international markets during the past year. There are eight lawsuits under way involving infringe-ments of its Smirnoff vodka brand alone.

Guinness's United Distillers, in relentless pursuit of coun-terfeiters of its Johnnie Walker Scotch whisky, has also stamped on the creators of such copy-cat brands as Johnnie Hawker, Joe Worker and Johnny Black.

Hiram Walker, the Allied-Lyons drinks company, has quashed attempts to cash in on the reputation of its Ballantine's Scotch whisky in export markets by brands called Ballentye's and Ballantia. Two court cases are pending involving its brands in the UK. "A brand is costly to create and establish, but can be very easy and profitable to copy," says Michael Leathes, legal director of IDV.

"Brands are our most important assets. Through them we communicate the quality of our products to consumers. They represent a huge investment of time, effort and money, that can be diluted, weakened, even destroyed by those who copy them.



Pirates who walk the plan

Philip Rawstorne reports on the relentless pursuit by companies of brand counterfeiters

"Counterfeits or imitations can be sold cheaper. Their producers do not have to spend on advertising and marketing. Nor do they have to bother about the quality of the drink or the packaging. We have to be rigorous in the protection of our brands against the damage that copies can do to them."

Brand counterfeiting – the creation of facsimiles – is a

criminal offence in most countries in which the drinks groups operate, and once the counterfeiters are identified is relatively easy to stop.

At the other extreme, agreed

settlements can usually be

quickly reached on unintentional infringements. Inver-House, an independent Scotch whisky distiller, recently changed the name of its Knockdhu malt whisky brand to Cnoc to avoid an identity clash with IDV's Knockando. The main problems arise from imitations which deliberately seek to deceive consum-ers by suggesting an affinity with a leading brand: using a similar name, or similar

bottles and labels. Smirnoff's imitators, with names such as Smirnovskaya, Romanoff and Selikoff, have

designs and colours in their

appeared in look-alike bottles, with labels featuring the crown, shields and other designs associated with the original

The success of another IDV brand, Bailey's Irish Cream liqueur, has encouraged the illegal production of a host of copies, including Bailes, Teleys and Raylas, all in squat brown bottles with pastoral scenes incorporated into the labels.

Rip-off artists have translated Ouzo 12 into Ouzo 21, J&B Scotch into M&B, and Malibu coconut liqueur into Marabou. United Distillers discovered that its Gordon's gin suddenly had a new competitor labelled Garden's gin, and that in some markets its White Horse whisky brand was facing creations called Black Horse and White Housie.

Tia Maria, Hiram Walker's coffee liqueur, has been a pop-ular target for imitations. The fakes, disguised by almost identical packaging, have included Zia Marina, Tia Lia and Bella Maria.

As a Canadian court recently affirmed, the "trade dress" of a product is entitled to legal protection. Competitors cannot trade on the distinctive identity of a rival brand.

All the leading drinks companies have specialist departments to counter such exploitation. Leathes sums up the general policy for dealing with offenders. "We stamp on them as hard as we can. Our aim is to hurt those responsible as much as possible. Tough action deters others."

Trademark infringements are civil offences. "We sue first and talk later," he says. "We demand damages to cover loss of profit and reputation."

In Spain last year, a court awarded multi-million dollar damages against the producer of a Bailey's look-alike product.

Solving such problems requires a more unconventional approach. Corporate investigation agencies, such as London-based Carratu International, are called in to nncover the people behind the scam. Their inquiries often enable

pany to another.

activities from one shell com-

us to bring pressure to bear on the offenders in other ways," says Leathes. "They may uncover other offences that interest the police or tax authorities, find evidence that enables us to sue personally the directors of a rogue company, perhaps to sequestrate their homes or other property."

Steve Smith, Carratu's managing director, says that protection of brands now accounts for a large part of the agency's work. "Drinks brands are a popular target now in the Commonwealth of Independent States and other eastern European countries," he says. "Imitation products, usually two or three container loads at a time, are being shipped there from the Netherlands and Germany

in particular."
But fake products continue
to appear in many markets from southern Europe to the Pacific Rim and Latin America. inadequate legal frameworks in several countries add to the difficulties of enforcing the protection of trademarks.

Leathes would like to see the European Community reinforce brand owners' security as the US has done - by making trademark protection an essen tial part of its trade agree ments with other countries.

ORMAN AND PARNEVIK COLLECTED THE TROPHIES. BUT HAMILTON AND NICHOLSON

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Fighting fire with fire

US tobacco groups are under attack, says Victoria Griffith

aced with vocal anti-smoking lobbies and a revenue-hungry administration, the US tobacco industry has long had reason to hone its marketing skills. Arguably they are needed now as never before. The latest threat to the

Earlier this year, a Nether-

lands company was ordered by a St Petersburg court to

destroy 100,000 bottles of its

Smirnovskaya vodka and pay

An Italian producer of "Gil-bert's gin" was forced to change the name and the

design of its labels which bore

a resemblance to those of Gil-

bey's gin. Apart from paying

costs, it has to obtain IDV's

to gather enough evidence to

take offenders to court. Rogue

drinks producers rarely keep records and often move their

It sometimes proves difficult

approval for its future labels.

substantial costs and damage

sector is the proposal for a federal tax of up to \$1 (65p) a pack, a central part of the Clinton health plan On top of this, one of the sector's most compelling advertising figures - R. J. Reynolds' Joe Camel - stands accused by the Coalition on Smoking or Health of enticing

young people to smoke. The Federal Trade Commission is reviewing a request to ban All this comes on top of "Mariboro Friday", the day in April when Philip Morris took the battle to its competitors by cutting the

price of its Marlboro brand by 40 cents. The biggest change for manufacturers has been the switch to "generic" cigarettes, which hold no brand value and sell cheaply. To the dismay of the cigarette companies, generic cigarettes now hold about 38 per cent

of the market.

With margins and brand share under attack cigarette manufacturers are relying increasingly on techniques such as direct mail to reach their potential clients. The leading US cigarette companies have compiled large databases on smokers, and target potential customers by sending free packs through the post. Another development has been the increased use of cigarette catalogue "clubs". Every pack of Marlboro ed, for instance, contains a redeemable "green stamp". By accumulating sufficient stamps, customer

can purchase anything from binoculars to lighters.

to smoke more of that particular brand. Second, once they have the products, such as a tee shirt with Marlboro written on it, they become walking advertisements for the company," says Edward Mally, a tobacco analyst at Salomon Brothers in New York.

В

Another effective promotional technique has been R. J. Reynolds' introduction of a "flavour seal" in its Winston packs. Made of polyester film, the seals have boosted market share of the brand by capitalising on the cigarettes' Advertising - which has

en its share of total advertising/promotion expenditure fall from about a third five years ago to 20 per cent today - has completely lost its effectiveness. The Marlboro man is one of the most widely recognised advertising symbols. Two years ago searchers at the Medical College of Georgia found that children between the ages of three and five were as familiar with Joe Camel, the cartoon figure representing Camel cigarettes, as they were with

Mickey Mouse. Cigarette companies still evade bans on television and radio advertising, by sponsoring sports events and purchasing billboard space at televised events.

The anti-smoking forces though, are now are producing sophisticated television commercials themselves. Growing numbers of advertising vehicles are refusing to promote cigarettes. Houston and New York, for instance, have banned them from public transport. The anti-smoking lobby is also

gaining success in curbing cigarette marketing aimed

at women and minorities.

On the road costs driven higher

eeping a UK sales representative on the road costs an average of £731 a week, excluding management and office overheads, according to survey* figures published today by the Reward pay research group and the Chartered Institute of

Marketing.
The figure is an increase of 4.3 per cent on a year ago in line with the average pay rise of 4 per cent for all sales and marketing staff over the past 12 months, says the report

Increases of 2-5 per cent for all staff are being forecast for the coming year by participants in the survey. A typical sales rep receives a salary of £14,878 a year, plus

a bonus payment of £2,000 or commission payment of £4,500. It costs £9,612 to keep the rep's car on the road, a further £2,212 for meals and odation and £941 for a home telephone and other

miscellaneous costs. Car telephones are expensive to run, according to the survey: 28 per cent of reps now have them, but they add nearly £2,000 a year to

THES.

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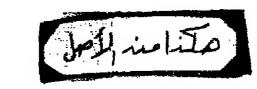
running costs. The median total remuneration for a marketing manager, meanwhile, is £35,350; the figure for a senior product manager is £29,000, according to data drawn from CIM's 24,000 members.
Over the last four years Vauxhall is reported as having overtaken Ford in selling company cars to sales and

marketing managers. The most popular engine size in company cars remains 1800cc-2000cc.

Diane Summers *Sales and marketing rewards 1993-94 Price to CIM members £180, others £220. From The Reward Group Reward House, Diamond Way, Stone Business Park, Stone, Staffs ST15 OSD.



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Cinema/Nigel Andrews

Struggles for liberty

That does it mean when a director gets an attack of Serial Cinema? Is it bad for him? Should we try to help? It happened with Eric Rohmer, whose "Moral Tales" were followed by "Tales And Proverbs" and "Tales Of The Seasons" and whose movies seem more and more like rent-a-theme fables with dwindling variations. Now Poland's Krzysztof Kiesłowski, having made ten films under the sign of the Decalogue, promises three movies with colours as titles begining with - that hue again - Blue. Since each film in the French-made tril-

ogy will also deal with a different tricouleur-inspired theme - in Blue it is "Liberty" - we feel attacked by tags and flags, labels and gift-wrapping even before the credits start.

But after the annoyance, the master piece. After the signposting, a film about living without signposts. A car crash; a husband and daughter killed; and a surviv vor wife (Juliette Binoche) who wakes in hospital to a world bearing down on her with bright lights and antiseptic concern.

Soon she is taking the approved path to rehabilitation. She exorcises her grief - or tries to - by watching a video of her loved ones' funeral. She swaps her manorial country pile for a town flat. (Her husband was a famous composer.) And she takes with her an iconic memento of her past life - a blue-crystal chandelier - like an inoculation to cure her of the disease of

But care-counselling is not the film's business. The man who made A Short Film About Killing and The Double Life Of Veronique is not European cinema's answer to Claire Rayner. Kieslowski soon hits Mile Binoche with bereavement's aftershocks. A litter of baby rats appears in her box-room - in mocking parody of a vanished family life. And her dead husband rattles his chains from the grave. first when she discovers a lost music manuscript whose notes pursue her on the soundtrack even after she has thrown it in a dust-van, later when she discovers her husband's bygone mistress.

Kieslowski's genius - and he may be the Only European director now earning that word - is for shuffling his deck of images so that animate and inanimate become indistinguishable. Vivified by subtle colour filters or skewed camera angles, trivial objects assume an eerie life: like the blue lollipop, once her daughter's, that Binoche sucks on like a memory-teat. Meanwhile human faces turn into mystery objects. Not least Binoche's own luminous, frozen features, crossed by tiny shadows of emotion like a snowbound mountain-face patrolled by changing clouds.

If Blue is about liberty, it is about the struggles we go through to achieve that liberty. Liberty from memory, from grief. Liberty from the panaceas of the well-meaning. Above all, liberty from the

THREE COLOURS BLUE (18) Krzysztof Kieslowski

> TRUE ROMANCE (18) Tony Scott

RISING SUN (18) Philip Kaufman

THE SECRET GARDEN (U) Agnieszka Holland

> THIS BOY'S LIFE (15) Michael Caton-Jones

false comfort of lives we try too neatly to compartmentalise, only to find that warmth, want and chaos keep flooding in

And in a good movie week, chaos will come again. True Romance is not so much a film, more an advanced case of delirium tremens. But see if you can resist its popart vitality. The paths of blonde call-girl Patricia Arquette and lonely comics-store assistant Christian Slater cross in Detroit one night when she spills her popcorn over him in a cinema. He says to her "Accidents will happen." She says to him "What a wonderful philosophy". Consequence: they are soon fleeing to Los Angeles with a suitcaseful of stolen

I have left out four murders and sundry plot twists. But you get the point. The movie, directed by Tony (Last Boy Scout) Scott and written by Quentin (Reservoir Dogs) Tarantino, is the dramatic equivalent of having half-a-dozen buckets of popcorn spilled over you. Everything you can think of happens: love, death, violence, substance-abuse, dreams of escape, ghosts of Elvis Presley. More to the point, they all

keep happening simultaneously.
Fantasy crashes into reality. Sex gets enmeshed in plot development. (Marvel at the gymnastic love bout that takes place in a roadside phone booth while we are still trying to untangle the significance of the recent phone call). And comedy is mixed with brutality. This last cocktail comes in the film's most brilliantly unnerving scene. Mafia smoothie Christopher Walken is elegantly, surgically insulted by interrogation victim Dennis Hopper (Slater's father) before Walken finally walks into the camera lens (Hopper's P-o-V) to blow his head off.

As a writer/director duo Scott and Tarantino are pulp cinema's answer to Losey and Pinter. Tarantino provides the gnomic dialogue, Scott the ornate visuals. Gasp at the gilded, smoke-textured interiors and the light-sculpted close-ups; or at the gor-geously overblown "balcony scene" on a poster-dominated fire-escape outside Slater's flat, where the couple sit swirled about by street steam and by their own reveries of escape.

Do not be deterred by the violence, There was worse in Webster and Ford, and Tarantino is nothing if not a New Jacobean. Do not be deterred either by the fact that True Romance was a box-office flop in the US. Originality is not always a crowdpleaser, nor is a movie style that gobbles up different moods like a child let loose on a chocolate box.

Much of Rising Sun is shot at night in the pouring rain. This must be an irony: a comment on modern America's view of modern Japan as not so much a sunrise neighbour, more a nation determined to rain on the US's parade. As we know, Tokyo has already annexed much of Tinseltown. In this screen version of the yel-



Juliette Binoche and Benoit Regent in Krzysztof Kieslowski's "Three Colours Blue'

in the late of the second

low-peril bestseller by Michael (Jurussic Park) Crichton, Japan is about to close its jaws around a giant US computer company - with what consequences for national security! – when Sean Connery and Wesley Snipes arrive on the scene. Sean is an Armani-dressed East-West liatson veteran. Wesley is a short-fused black cop learning Japanese on his car cassette

player.
They arrive to solve a murder: the latenight strangling of a call-girl on the Naka-moto boardroom table. They stay to unravel one of Those Plots, in which conspiracy spreads all the way from L.A. to

Director Philip Kaufman has spent his career trying on different genre hats from sci-fl (The Invasion Of The Body Snatchers) to high-tone erotica (Henry And June). But the thriller hat fails to suit him. It slides off the back of his head, revealing a cranium empty of ideas on how to make stage-Japanese supporting characters live; how to stop his three screenwriters attaching messages to their dialogue ("We're giving the country away"); or how to fool us into believing that Connery and Snipes are more than another tired variant on the rookie/oldtimer partnership of a million

den. Here the body of a famous children's classic is found dead on a boardroom table; that of Warner Brothers. Means: genteel strangulation. The culprit is director and former Wajda scenarist Agnieszka Holland (of Man Of Iron). Determined to avoid Frances Hodgson Burnett's Victo-rian sentimentality, she manages to avoid every other tolerable emotion too. There is glum photography, a glum heroine (Kate

Maberly) and a glum garden, in which

rabbits ruminate and ruins glower. Stars,

though, will happily be stars. As the

snooty Yorkshire housekeeper Maggie

the Seattle accent and the overdressedmasher routine, as he courts single mother Ellen Barkin prior to making life hell for her and her son Tobias. Scene: a remote But we still prefer it to The Secret Garcompany town in Washington State, Time The real Tobias (Wolff) wrote the mem-

Smith is Maggie Smith, for which relief

Robert De Niro, We enjoy - for a while -

Robert De Niro in This Bou's Life is

some thanks.

oir about life with bullying Stepdad from which British director Michael Caton-Jones of Memphis Belle draws this film. Well, not draws: rather pulls it protest ingly forth like a thread from an overlarge sweater. The plot seems too slight, the characters at once overwrought and under-occupied: familiar signs that the original book was richer in emotional texture than movie-friendly drama and has caused collapsed inspiration at the studio story conference.

Concert/David Murray

Berlioz resuscitated

Studying in Paris, Berlioz abandoned medicine for music when he was 19. A year later he composed a Messe solennelle, a full-dress Mass with orchestra, which got just two performances. He became dissatisfied with it, and said that he had burned the score – though he camibalised some of the music for use in later pieces, Until last year, that was all anyone knew about it; but now Westminster Cathedral on Tuesday ind on BBC-2), the *M*esse wai heard again in a revelatory

Last year Frans Moors, a Belgian part-time organist, discovered a full score - in Berlioz's own hand - tucked away in a chest, in the organ-gallery of his Antwerp church: utterly unexpected. It seems that the young composer had made a present of this manuscript to a fellow music-student, a violinist from Antwerp. The musical world was alerted at once, and the honour of performing the Messe anew went to John Eliot Gardiner with his period-band l'Orchestre Révolutionnaire et Romantique and his Monteverdi Choir, who brought it to London after touring Bremen. Vienna, Rome and Madrid.

Sometimes "long-lost" scores do turn up: early Handel and Verdi, for example, and bits of youthful Wagner, Debussy and Ravel. This Berlioz rediscovery far outweighed any of those finds, for it is not just a juvenile fragment, or an uncut version of something we knew only

in a truncated form. On the contrary: it is music strong enough in its own right that we would be excited by it now even if Berlioz had died without writing another note - and it is a treasure-trove of musical ideas that he recycled and extended in the now-familier works of his maturity.

In our century, the only comparable discovery that comes to mind is fairly remote: the resuscitation of Beethoven's original Leonore opera (never actually "lost") for modern andiences who knew only the Fidelio that it eventually became. But the raising of Leonore to a higher power was just a specially rich example of Beethoven's thirst for expressive pithiness and concision. like the development of the late quartet-music that can be read in his sketchbooks; the Meritor case is different.

The young Frenchman had always yearned to create grand, astounding works. His precocious Messe was planned on a towering scale, astonishingly original - and remarkably successful, if uneven. Nothing much like Beethovenian "symphonic argument" figures in it (nor is there much in later Berlioz); rather, each of the 14 sections of his Messe would be vitalised by some terrific, unheard-of musical idea, or several of them. And so they were; with a little hindsight, it is easy to hear why the first Paris audien

should have been astounded. The best ideas would be retrieved in his *Benvenuto Cellini* opera

(passim), in the Symphonic fantastique (the plaintive strings of the "Scène aux champe" come straight from the Gratias here), in the great Te Deum and the apocalyptic Requiem. Even the huge "Dies trae" fanfares of the latter stemmed from the Messe solennelle - without the supernumerary brass, but so vivid here with the brazen quacks and smarls of Gardiner's "period" ophicleide, buccin and serpent as to make an equally hair-raising

Everything in this performance was tresh-eared in the best Berliozian spirit, superbly prepared, searchingly musical. haps the vague cathedral acoustic was unfair to the cultivated solo bass Gilles Cachemaille, who sounded soft-grained in his fiercer declamations; but the high-register soloists Donna Brown and Jean-Luc Viala made their confident marks. and the Mouteverdi Choir were marvellous in every detail.

Those of us who heard it all on the spot prided ourselves about what mere BBC-2 couch potatoes were missing: the bomb-scare in Victoria Street, the consequent detours, confusions and delays, the drenching rain. On any other occasion. Gardiner's account of Verdi's four Pezzi Sacri in the first half - piercing, uncannily well-tuned, and dramatised phrase-by-phrase to a rare Expressionist standard – would have earned several paragraphs of awe stricken praise.

SM at the Nottingham Playhouse is dance theatre about men having sex in public lavatories. It takes its title from the psychologists' term for men who have sex with men, and its material from 50 interviews collated by the Physical Theatre Company, DV8. It represents a joint production between the Nottingham Playhouse and the Royal Court Theatre. At 95 minutes, the piece outstays its welcome, all gurgling cisterns and chance sorual encounters.

The action pieces together observations, confessions, stories and anecdotes from the world of "cottaging" where men meet sexual partners in public lavatories. The dank brickwork and acrid disinfectant bring promise of momentary satisfaction. The show starts with a man loitering outside, while above and behind him, naked man appear in slow erotic entwinements. The stage opens into the lavatory set.

To open this year's celebration of the newest choreographic ideas, Dance Umbrella offered us the Batsheva Company from Israel. The Umbrella has sheltered some pretty odd enterprises in the past, but Batsheva is, even in these circumstances, like the ace of

The troupe is directed by Ohad Naharin, who is choreographer of the 75 minutes of Mabul (no indication as to meaning) which was on view on Tuesday night at the Queen Elizabeth Hall. The ingredients are the seven men, seven women of the company in less than flattering outfits of slate grey vests and shorts; some singing (Naharin as a none too convincing counter-tenor; the rest of the cast

Theatre/Andrew St George

'MSM' by DV8

The design (Michael Howells) manages to make the cubicles and drip-ping taps more than stage machinery. It allows the seven actors to emerge over or through tiled walls, to hang upside down or stretch languorously against the cool black partitions. The staging stays unpredictable; panels open for a leg, hand or head to pop through into the action. The porcelain hardware moves around, enabling the players to station themselves ready for the baffling and subtle couriship man-OBTIVIOS.

The stories engage to a degree; but because they relate the interviewees directly, they are short on the psychology of motivation: 'Tm so desperate," says one 35 year old, The physical action remains tense,

"I run to get there quicker; I'm dis-gusted with myself; I have sex with complete strangers." The play never asks why. Another nameless character says: "Cottaging is ninety per cent waiting, if you have patience, you can have a lot of fun; it was an escape from a two-dimensional exis-tence...it was exciting." In which case, some existence, some excitement. Another says: "my best experience was in a cubicle in Torremolinos", seeming sad rather than funny.

MSM is appropriately chorecgraphed, with sensual slow figures and hanging movements which stretch the male torso the way Renaissance painters did to women.

controlled and pent up. The director Lloyd Newson concludes with a requiem sequence suspended high over the stage.

But the play never makes clear whether these men are to be praised.

for their courageous honesty, or pitied for their addictive weakness. It lacks political edge, never outlining the laws against sex in public places, and only briefly touching on the health issues involved in massive promiscuity. MSM also needs the psychological edge it claims in the programme notes, preferring to shock with How? rather than ask with Whu?

MSM tours through December 4 to: Edinburgh (Traverse Theatre, 031 228 7404), Glasgow (Tron Theatre, 041 552 4267), Bristol (Wickham Theatre, 0272 303216), London (Royal Court Theatre, 971 730 1745), Zurich (Theaterhaus Gesanerallee, 212 1220) and Munich (Marstall Theater, 49 892 1851)

Dance Umbrella/Clement Crisp Batsheva's 'Mabul'

mellifluous): chatter, and fish-wife yapping from the girls; a scream of horror - at least one of the dancers is also a critic; a collection of Euro-dance incidents of little interest: musical animoets ranging from Vivaldi, whom Naharin treats in cavalier fashion, to pop-racket; a bleak stage; a hamster. (This last creeps over the head and torso of a man while he gently writhes - as if dancing were not difficult enough on its own).

The effect, as you may gather, is prodigiously tiresome. The Batsheva troupe has gone through various mutations since it came

works by Haydn and Stravinsky.

Graham offspring. In its latest incarnation, Naharin's Mabul gives it a neurotic, aggressive manner.
Activity is, at best, inexplicable, at
worst, and there is a good deal of
this, it aims for brutish effect. The grumpier clichés of today's European dance are put through

their paces yet again. Bodies slam to the floor, routines of post-modern aridity show the cast as a dull ensemble; movement is dead-pan, dead-end. Amid the gloomy, shadowed lighting - a William Forsythe speciality for the Frankfurt Ballet - the action has

all-too-evident frustrations that I associate with long waits at Moscow Airport during the bad old days.

the ill-suppressed ferocity and

Were one, at the end of 75 minutes, to feel that some image, some personality, had made a positive (let alone pleasing) effect then the piece might be justified. I found it leaden with its own self-importance, inexpressive. Nor does it flatter its performers, whose style appears without finesse or brilliance, though there is a virtuoso outburst of body-slapping. In a programme note, Naharin says he feels blessed because he was not born "as a Bedouin woman who has had her clitoris removed". I do not think this is any excuse for making Mabul.

INTERNATIONAL

ATHENS

Megaron Concert Hall Tomorrow: Ivan Fischer conducts Michael Hampe's staging of Idomeneo, with Keith Lewis, Hans Peter Blochwitz and Cynthia Lawrence. Sat, Sun: Fischer conducts Budapest Festival Orchestra in works by Bach family and Mozart. Saturday, Sun, Mon: Limon Dance Company, Next Wednesday: Hungarian Gypsy Concert Orchestra (01-728 2333/ 01-722 5511)

■ VENICE

The next opera production at the Fenice is Der Rosenkavalier, opening on Oct 31, cast led by Felicity Lott, Anne Sophie von Otter, Artur Kom and Barbara Bonney (041-521 0161)

■ BARCELONA

Gran Teatre del Liceu Tomorrow, Sun: Uwe Mund conducts Willy Decker's 1991 Cologne production of Der fliegende Hollander, with

Franz Grundheber and Lisbeth Balslev. Oct 27: first night of Giordano's Fedora, starring Mirella. Freni (tel 412 3532 fax 412 1198) Palau de la Musica Next Thurs: Kirl te Kanawa. Next Saturday: Pinchas Zukerman. Nov 1: Myung-Whun Chung conducts Orchestra of La Scala Milan (301

■ BOLOGNA

Teatro Communale Tomorrow and Sat: Claus Peter Flor conducts orchestral works by Beethoven. Next week's concerts are conducted by Christian Thielemann. The opera eason opens on Nov 27 with Puccini's Trittico (Biglietteria, Ente Autonomo Teatro Communale di Bologna, Largo Respighi 1, 40126 Bologna. No telephone bookings accepted. For information, call 051-5299991

■ FLORENCE

MaggioDanza presents a programme of Tchaikovsky ballets tonight, tomorrow, Sat and Sun at Teatro Verdi (055-212320). Oct 22, 23, 24 at Teatro Communale: Georges Prêtre conducts orchestral works by Webern and Mahler (055-277

LONDON

 Tamburlaine the Great: Antony Sher plays Tamburlaine, the shepherd whose remorseless ambition takes him to the height

of power. Marlowe's masterolece of lyrical storytelling transfers to production, after a sell-out season in Stratford. Opens tonight (Barbican 071-638 8891)

 Machinal: Flona Shaw stars In Sophie Treadwell's 1928 classic of the American avant-garde, about a woman who tries to break free from the pressures of a mechanistic world. Directed by Stephen Daldry in the Lyttelton. Opens tomorrow (National 071-928 2252)

 David Hare Trilogy: a three-part examination of major British nstitutions, presented in the Olivier Theatre by a single company of actors directed by Richard Eyre. The Absence of War, Murmuring Judges and Racing Demon can be seen individually - or all on the same day on Oct 23, 30, Nov 13 and 20 (National 071-928 2252)

the Russian civil war, described through the eyes of a survivor in a style both hallucinatory and blackly humorous. Translated by Michael Glenny, directed by David Graham-Young. Just opened (Lyric Hammersmith Studio 081-741-2311)

Flight: Bulgakov's drama of

 Oleanna: David Suchet and Lia Williams in Harold Pinter's Royal Court production of David Mamet's controversial play (Duke of York's 071-836 5122) Moonlight: Harold Pinter's first

full-length play for 15 years, starring lan Holm, Anna Massey and Douglas Hodge. Till Oct 30 (Almeida 071-359 4404)

 Medea: Dianna Rigg repeats her acclaimed performance in the Euripides tragedy, in a West End revival of the Almelda production (Wyndham's 071-344 4444)

 For ticket information about West End shows, phone Theatreline from anywhere in UK: Plays 0836 430959 Municals 0836 430960 Cornedies 0636 430961 Thrillers 0836 430962.

OPERA/DANCE Covent Garden The Royal Opera's repertory consists of a new production of Meistersinger conducted by Bernard Haltink and staged by Graham Vick, with a cast Allen, Gösta Winbergh, Deon van der Walt, Nancy Gustafson and Anne Howelis; and revivals of Mozart's Mitridate (with Jochen Kowalski, Luba Orgonasova and Ann Murray) and Yevgeny Onegin (with Dmltri Hvorostovsky and Catherine Malfitano). The Royal Ballet premieres new ballets by Matthew Hart and William Tuckett on Oct 23, and Kenneth MacMillan's Romeo and Juliet is revived on Oct 29 (071-240 1066) Coliseum English National Opera's

repertory consists of Graham Vick's production of The Rape of Lucretia with Jean Rigby, a new production of La boheme conducted by Noel Davies and staged by Steven Pimlott and Jonathan Miller's II barbiere di Siviglia, with Alan Opie as Figaro. Le nozze di Figaro is revived on Oct 28 (071-836 3161) Queen Elizabeth Hall Tomorrow, Sat, Sun: Siobhan Davies Dance Company (071-928 8800)

CONCERTS South Bank Centre Tonight: Leonard Slatkin conducts Phitharmonia Orchestra in European premiere of Nicholas Maw's new Violin Concerto (Joshua Beli), plus

Sat: Franz Welser-Möst conducts LPO in concert performance of Tristan und Isolde, with Heinz Kruse and Elizabeth Connell. Sun: Marek Janowski conducts RPO in Schubert, Mozart and Bruckner, with piano soloist Alexei Lubimov. Tues: Jiri Belohlavek conducts LPO n works by Petr Eben, Dvorak and Martinu, with violin soloist Christian Tetzlaff. Wed: David Willcocks conducts Philharmonia Orchestra and Bach Choir In Delius, Vaughan Williams and Walton. Wed (QEH): Eva Randova and Nash Ensemble in songs and chamber music by Czech composers. Oct 21, 27, Nov 4: Alfred Brendel (071-928 8800) Barbican Tonight: Daniele Gatti conducts LSO in works by Beethoven and Mahler. Tomorrow and Mon: David Atherton conducts London Sinfonietta in two programmes, including new works by Gorecki and Theo Verby. Sat: Goldsmiths Choral Union in Haydn's The Creation. Sun: Michael Tilson Thomas conducts LSO in Debussy, Sibelius and Bartok, with violin soloist Anne Sophie Mutter. Next Wed: Stephen Kovacevich piano recital (071-638 8891)

MADRID

Auditorio Nacional de Musica Tonight: Grupo de Musica Alfonso El Sablo presents a programme of Gregorian chant. Tomorrow, Sat. Serglu Celibidache conducts Munich Philharmonic Orchestra (repeated In Seville next Mon and Tues and in Valencia on Oct 22 and 23). Tues: Spanish Chamber Orchestra plays baroque concertos (01-337 0100)

Teatro Lirico La Zerzuela Morc Juan de Udaeta conducts Jonathan Miller's ENO production of Rigoletto. Oct 27: Martha Graham Dance Company opens a two-month dence season (01-429 8225)

■ PRACUE

 Alexander Rahbart conducts Czech Philharmonic Orchestra tonight and tomorrow at Dvorak Hall in works by Richard Strauss, Penderecki and Stravinsky, with viola soloist Kim Kashkashian, Oct 20: Czech Nonet plays Beethoven's Septet and Schubert's Octet. Oct 21, 22: Andrew Litton conducts Strauss and Tchaikovsky (02-286

 For pre-booking and information about other events, contact city centre ticket agencies (Sluna, Wencesias Square 28 in the ssage, tel 02-261602, or Bohemia, Na Prikope 16, tel 02-228738, or Melantrich, Wenceslas Square 38 in the passage, tel 02-228714) and theatre box offices. Tickets can be ordered from abroad through Bohemia Ticket International, Salvatorska 6, 11000 Prague 1 (fax 02-231 2271)

■ ROME

Daniele Gattl conducts the Accademia Nazionale di Santa Cecilla in Verdi's Requiem on Oct 21, 23 and 24, with soloists Aprile Millo, Florence Quivar, Sergei Larin and Roberto Scandiuzzi. Carlo Maria Giulini conducts orchestral concerts on Oct 30, 31, Nov 1 and 2 (06-678

ARTS GUIDE Monday: Berlin, New York Tuesday: Austria, Belgium, Netherlands, Switzerland, Chicago, Washington.

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Reports 2130 Thursday Sky News: Financial Times Reports 2030; 0130 Friday Super Channel: European Business Today 0730: 2230 Sky News: Financial Times

Reports 0530 Saturday Super Channel: Financial Times Reports

Sky News: West of Moscow 1130; 2230 Sunday Super Channel: West of Moscow 1830 Super Channel: Financial Times Reports 1900 Sky News: West of Moscow 0230; 0530 Sky News: Financial Times Reports 1330; 2030

Portrait of a prince among pygmies



George Shultz assumed office as US secretary of state. Leonid Brezhnev was then general REVIEW Secretary of the Soviet Commu-

nist party. Fol-lowing the Soviet invasion of Afghanistan in 1979 and the crackdown on Solidarity in Poland in 1981, US-Soviet relations were virtually non-existent. Moreover, the Soviet Union was on the diplomatic offensive, trying to split Nato over deployment of intermediate range nuclear missiles on European soil. And many were questioning the market model for economic development.

But when Shultz left office in January 1989 the opening of the Berlin Wall was only months in the future.

in Turmoll and Triumph: My Years as Secretary of State, Shultz provides an indispensable account covering, occasionally to the point of tedium, those aspects of American foreign policy with which he concerned himself. It is illustrative of how the approach of the US has changed that Shultz, a former Treasury secretary and professional economist, appears virtually to have ignored the economic aspects of international relations.

There is an ongoing debate among commentators and scholars about whether the Reagan administration stepped up military spending in order to drive the Soviet Union to bankruptcy. But there is no indication of such a plan in Shultz's memoirs. Indeed, Shultz and the CIA believed an unrestrained arms-race would favour the Soviets.

Because Shultz is writing of the end of the cold war, his treatment has been compared with the magisterial account of the beginning of that struggle by Dean Acheson, the most influential secretary of state since the second world war. But the comparison with Acheson's Present At The Creation is unfair to Shultz. For. although his writing is serviceable, Shultz is unable to match the style and sense of drama of his predecessor.

During Acheson's period, the US had to develop a wholly new strategy to deal with an

TURMOIL AND TRIUMPH: My Years as Secretary of State By George P Shultz Scribners, £25.95, 1,184 pages

expanding superpower. The response included the doctrine of containment, the Marshall Plan and Nato. Shultz dealt with a simpler situation negotiating the end of a conflict with a declining superpower. Shultz was required not to be creative but to show mastery over competing US agency heads. Once Acheson received Truman's backing, the interagency struggle was over. But Reagan's support did not settle a dispute: rival barons would continue their obstruction.

In Shultz's portrayal, the chiefs of the various agencies concerned with foreign affairs were, usually, dishonest, cut off from reality, or both. William Casey's CIA was, justifi-ably, distrusted by Shultz because of its ideological blindness, outright lying and lack of competence. The agency insisted Gorbachev did not want to change the Soviet Union or that, if he did, he could not. The national security adviser. William Clark, is dismissed as having a limited grasp of substance. His success sors - first Robert McFarlane, then John Poindexter - are described as having intentionally misled the secretary at state. Casper Weinberger, secretary of defence, generally opposed all negotiations with the Soviet Union.

Contrary to CIA analyses. Shultz believed the Soviet Union was declining and that negotiations with it could be fruitful. The National Security Council staff's answer to the question of contacts with the Soviet Union was "ever a resounding no". Shultz considered the president "a prisoner of his own staff". Yet Shultz obtained the president's approval for moving forward over the opposition of that staff, the secretary of defence and the director of the CIA.

Shultz tempers loyalty to his president with fidelity to the facts. He praises Reagan's "visionary ideas", such as the strategic defence initiative, but he reveals a detached president, devoid of analytical abil-

ity, who believed what he wanted to believe. "He would go over the 'script' of an event in his mind" and, once that script was mastered, that was the truth; no fact, no argument, no plea for reconsideration could change his mind.

hose whom the gods

wish to destroy they

first make mad. Any

god observing the

so-called UK economic dehate

will conclude that the self-de-

structive wish is intense. For-

tunately for the British econ-

omy its performance depends

much less on politicians and

commentators than often sup-

The merchants of gloom

have enjoyed some genuine

bad news in the Industrial Pro-

duction Index. It is best to take

the manufacturing sector alone

- simply to remove the vaga-

ries of North Sea oil output.

Clearly, manufacturing produc-

tion in the three months to

August was well down on the

previous few months. Its

behaviour lends credence to

much slighter signs from

out-of-date and unreliable

trade figures that UK exports

are being seriously hit by the

European recession. Even if

the UK recovery is still con-

tinuing it has lost some of its

What, however, would some-

one from Olympus think if, in

the face of these contraction-

ary pressures, the British gov-

ernment depressed home demand further by tax

increases in the sacred name of

cutting the budget deficit?

Other governments are being

given the same advice. We

thus could be on the verge of a

vicious circle of insanity, in

which country A raises taxes

or cuts government spending

because of its budget or bal-ance of payments deficit

thereby aggravating the defi-

cits of countries B. C and D

which make cuts in their turn.

Am I the only Keynesian left to

perceive the folly of this pro-

cess? (My own break with Keynesian orthodoxy came on

Nor is the folly confined to

the tax side. The one common

theme of all UK assessments is

how precarious any recovery

still is in building and con-struction. Yet the Treasury

apparently regards the sector

as a soft target and is choosing

this moment to try to with

draw concessions on local

authority and housing corpora-

Is there no one prepared to

say that the analogy between

the national budget and a fam-

ily one is more wrong than

right, and that the function of

a national budget is precisely

to offset the bias of private

households and companies:

namely to move into surplus

when the private sector is in a

spending mood and to go into

deficit when the private sector

is in a saving one? The time

tion expenditure.

very different issues.)

posed.

A large portion of Shultz's account focuses on the Iran-Contra affair. Here, Shultz is entitled to, and claims, a great deal of credit. There is no doubt he opposed arms for hostages. Almost alone among the president's men, he recognised there had been a "rogue opera-tion" which posed "an tion" which posed immense constitutional threat". Nonetheless, a detailed review in the New York Review of Books concluded that Shultz's account of Iran-Contra was hopelessly "distorted" and "untrustwor-

Charles Hill, Shultz's former executive assistant, in what was surely an authorised response, asserted the reviewer failed to understand "that Shultz confined his narrative to what he knew or was told at the time and excludes information or any evidence which came to light after a decision or event occurred". According to Hill, this makes Turmoil and Triumph "a unique, irreplaceable and unchallengeable historical document, as it reveals a reality that 'memoirs' invariably obscure: decisions of statecraft must be taken on the basis of partial and sometimes erroneous reports".

But the book gives no indication that it is confined to what Shultz was aware of at any given time. If Mr Hill is correct on Shultz's approach, the reader has not been given fair warning that Shultz's account of external events may or may not be accurate.

On many occasions Shultz threatened to resign in response to the manoeuvrings and inadequacies of colleagues. But he resisted this grand ges-ture. We can be grateful that he soldiered on. His judgment was much needed.

Daniel Davidson

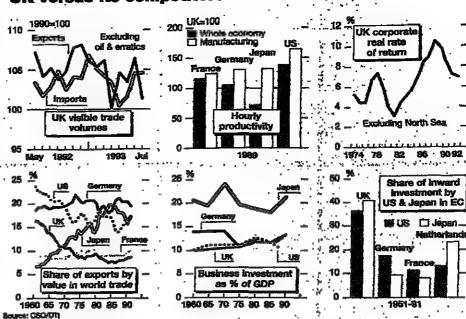
The author is a lawyer in Washington who served on the National Security Council in the Johnson and Nixon admin istrations

ECONOMIC VIEWPOINT

The folly of fussing about UK deficit

By Samuel Brittan

UK versus its competitors



horizon over which the public sector needs to come to an appropriate balance - which is not zero - stretches over many more years than would apply to a family or company.

The Treasury response would be that if tax increases proved too contractionary, they could always be offset by interest rate cuts. The real paperback memoirs just published (Nigel Lawson's) show that the official Treasury's instinct has been to go for too low interest rates and too high taxes. The leopard has not changed its goots.

The danger of cutting interest rates is that it might depress the exchange rate depending on what else was happening in the world. The Treasury does not have freedom to do just what it likes on the interest rate front. Anyone who thinks that the longterm ties linking world inflation, the exchange rate and British inflation have been severed by leaving the European exchange rate mechanism, has a shock coming.

A necessary reminder has been provided by the less favourable inflation indicators, which should not be in the least bit surprising except to those who were misled by the headline figures of the Retail Prices Index. Producer output inflation (excluding foodstuffs) has risen for five consecutive months, and now stands at 3 per cent compared with a year ago. The RPI, excluding mortgage interest payments, now stands at 3.3 per cent compared

with a year ago.
These are still astonishingly low figures after a 12 per cent devaluation of sterling and are only possible because of the world recessionary climate and the pressure on UK pay and productivity resulting from two years of ERM membership. The most encouraging factor is that, as the Treasury points out, wage costs have fallen by the largest amount since

records began in 1960. Why put all this at risk with extra indirect tax increases, which will come on top of the nearly 1 per cent addition to the Retail Prices Index already in the pipeline next year from Norman Lamont's deferred tax

It may at this stage be too late to advise Kenneth Clarke, the chancellor, to rethink his tax increasing plans. So much political capital has been invested in them that the markets might well take it as a weakness if they were shelved.

The longer term

t is refreshing to move from these follies to a memorandum obtainable from the Department of Trade and Industry. This has the unfortunate title of Competitiveness but is in reality a survey of UK long-term performance. A few of its charts are reproduced here.

They refute much of the widespread gloom and doom. Productivity for each hour worked is only slightly higher in Germany than in the UK. In Japan, it is a good deal lower. Only in the US - where there is also much gloom-mongering - is productivity decisively higher. It is true that the UK lags more in manufacturing, which accounts for a fifth of the total economy.

V.V

Business investment, for which the economic establishment has been crying out for so long, is in fact as high as in the US and Germany. The gap here is only with Japan, which

is not necessarily a model. The fall if the share of UK manufacturing exports in world trade dwindled to a trickle in the mid-1970s (just when the Labour government was castigated for going "can in hand to the International Monetary Fund"). It came to an end in the early 1980s which is one reason for taking the balance of payments problem with a pinch of sait. The UK has also obtained the lion's share of inward investment. not only from Japan but the US as well. There has been no space for another chart showing the collapse of the strike weapon in the British workplace.

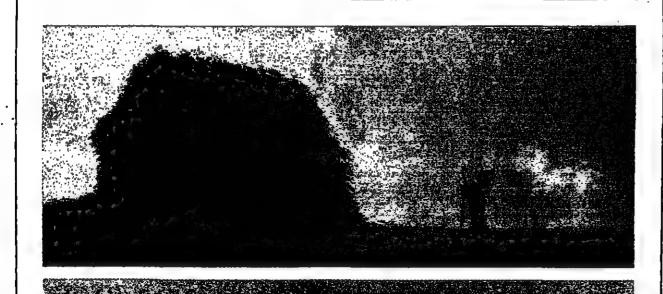
Perhaps most important of all, and some evidence of the Thatcher government's supplyside reforms, is that the return on capital has improved so much: even in the current recession it is almost as high as it was in the boom of the late 1970s.

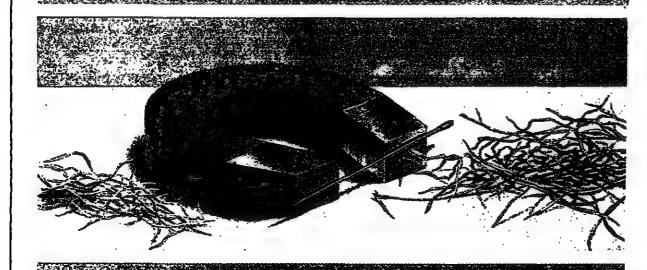
Interestingly enough, the main weakness which emerges from the DTI paper is one where the Treasury may be presumed to have had an influence. Inflation was not only higher in the UK in the 30 years to 1990 than in all main partner countries except Italy; but the year-to-year variation in inflation was higher as well. This is demonstrated in more detail by a Bank of England Working Paper.* Fluctuations in output, due to demand shocks, were also greater in Britain than in most other countries, if one accepts the Bank authors' analysis.

Whether the switch-back developments represent official stop-go or hyperactive efforts to avoid stop-go is impossible to say. In any case, such fluctuations were, together with inflation, the main preoccupation of the British economic talking classes (mea culpa) for most of this time. Perhaps one should end with Adam Smith's observation: "There is an awful lot of ruin in a nation," which means that a country can put up with a great deal of folly in its short-term management.

*No. 18, Temporary Cycles or Volatile Trends? by O Sterne and T Bayoumi

The Channel





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LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Public dressed up as private

Sir, Your correspondent John Willman (October 7) effectively summarised the problems now looming for the government in its attempt to implement its Private Sector Initiative. This so-called "big idea" for the 1990s is intended to allow private finance and private sector expertise to be brought in to build roads, rallways, hospital car parks, etc -all previously public sector

preserves. However, the government's experience of trying to keep the private sector to a promise to provide 20 per cent of the funding for the Jubilee Line to Canary Wharf and London's Docklands is no advertisement for the Private Sector Initia-

Tories must

take blame for

unemployment

From Mr Hugh McCartney. Sir, Martin Wolf is mistaken

("Something's gotta give", October 2) with his claim that

"it is untrue unemplovment in

the 1990s represents a specific

failure of Tory Britain. The UK

has not done worse than conti-

nental economies Labour so

I hold no brief for any politi-

cal party, but I must point out that Britain has been the only

country in the Community

that is completely self-

sufficient in the various forms

of energy. Today's Tory gov-ernment must take responsibil-

ity for the mass unemployment

and massive imbalances in

both finance and trade after 14

years in office.
In addition, it is wrong to

make such a dubious compari-

son, bearing in mind the

immeasurable effects of Ger-

many's decision to unite, which has damaged its econ-

omy and that of its neighbours

It cannot be gainsaid that, with all its advantages of

energy and having curbed the

misused power of the unions,

Britain should be leading the

European Community in pros-

perity instead of floundering in

debt and disunity.

Hugh McCartney,

Peebles

16 South Park West,

so badly.

much admires"

The government claims now to be in a position to give the go-ahead for the Jubilee Line because the £400m private sector component of the total cost of the Jubilee Line has now been agreed with the administrative receivers of Canary

Wharf and the creditor banks. When you look closely at what had been agreed, however, it was clear that no such private finance had been found. The "front-end" component of the £400m had been reduced to £160m, which is fair enough. Nobody is really interested in money that you have to spend after the year 2000.

The £160m, however, has not in the main come from the private sector at all. Some £96m of it is coming from the European Investment Bank, All of the

From Mr Andrew Greene.

ing a misunderstanding.

Sir, Discussion of the current NHS light bulb saga, in the

media and elsewhere, is reveal-

NHS staff and managers are

finding that exhorting people to work harder and faster

when they are already fully stretched merely erodes morale, and any gains in one

department are obtained at the

expense of other departments.
The light bulb changing

story, which applies to most

other simple maintenance

activities, is typical. Such examples exist in hospitals all over the world.

They are only turning up

now because some hospitals,

mainly trusts with progressive managements, are starting to take a long, hard look at the

way they carry out their work,

not just at how well they do

So we should give those hos-

what they have always done.

European Investment Bank's money is government-guaran teed. That is why it is available at a cheaper rate than private risk-bearing finance would be in the international capital

The government's Private Sector Initiative, if it follows the Canary Wharf-Jubilee Line precedent, is really a classic piece of window dressing. The public sector is simply renamed as the private sector, when it suits.

More power to the Jubilee Line elbow as far as I am concerned, but please let's not pretend that it is being financed by the private sector. Rhodri Morgan,

pitals credit for re-engineering

their work habits, and urge the

Change should actually elim-

inate unnecessary work, not

just allow the same old tasks

to be performed better or fas-

It can be a gold mine for the

NHS, as it is proving in hospi-

tals around the world. And it

can be shown to cut patient stays, reduce waiting lists,

improve standards of care, ease

the work of staff, and give

much better customer service

While they by themselves

are not going to solve the prob-lem, the NHS and the trusts at

least deserve credit for what

they are trying to achieve.

rest to do likewise.

to patients.

Andrew Greene,

100 Piccodilly.

London WIV 9HA

principal healthcare

Booz Allen & Hamilton

How NHS bulb-changing

activities came to light

tunnel and competition From Prof Richard Harrison. Sir, The impact of the Chan-

nel tunnel on the logistics industry ("Opinion divided over tunnel", 5 October) may well be disputed. What is clear is its minor, anticipated impact on company and industry competitiveness in those regional markets whose relative accessi-bility is most likely to be ≡ffrcted.

A multi-sectoral study of the competitiveness implications of the tunnel has recently been completed by the Centre for Management Research at the University of Ulster.

Interviews with some 150 manufacturers in Northern Ireland, south-east England, France and Belgium make it clear the tunnel, and the logistics options it provides, will have little impact on companies' inter-regional competi-tiveness. This is as true for peripheral companies serving southern England and Euroean markets as for companies

located in those markets. Non-price factors, notably product quality and design, and service reliability, will continue to dominate.

What is particularly striking, and ultimately worrying in an assessment of the long-term competitiveness of UK industry, is the reliance of continental European companies competing in north European and UK regional markets, on design, technical ability and

quality for competitive edge. UK companies remain reliant on straightforward price competitiveness. In this context, the opening of the Channel tunnel is an irrelevance, which may deflect attention from more fundamental concerns. Richard Harrison, Ulster Business School, BT37 0QB

Dangers of loss of charity tax status

From Mr Peter M Brown. Sir, The Charity Commission has made it clear that charities can only campaign as pressure groups on issues where they have direct experience as care

It thus seems unlikely that the recent report, recommending a division between volun- ernment units - which are

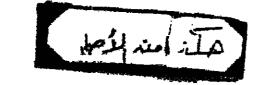
tary operations providing local or centrally funded care and charities with no agency income, will provide the expected impetus for pressure group and campaigning activities. As care-providing charitles

offer an alternative delivery system to local or central goveffectively operating tax-free it will seriously restrict voluntary agencies if they have to price their services after losing charity tax status. Peter M Brown, chairman, Charity Appointments,

3 Spital Yard, Bishopsgate, Et 6AQ

101.5

1 Euro



FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700 Thursday October 14 1993

Uncle Sam in retreat

ONCE THE Soviet Union disappeared, the US was left in sole possession of the cold war battlefield. The machinery of the United Nations was at its disposal. The world looked, with varying degrees of hope and anxiety, to see what use it would make of its vic-

MY OCTOBER 14 1993

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probe

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-Mark

Inevitably a debate broke out among the American "foreign pol-icy community". Some favoured a unilateral assumption of world leadership, using American power to promote good and punish evil, recruiting allies where available but never sacrificing the country's freedom to decide for itself when and where its power should be used. Others stressed the need for a multilateral approach, placing American power at the service of the world community and using it only for purposes approved by a broad international consensus, in conformity with international law. A third school sought to down-

grade foreign policy altogether, arguing that the disappearance of the Soviet threat permitted Amer-ica at last to lavish attention on its many domestic problems. Mr George Bush was somewhere between the first and the second schools, and his successor is somewhere between the second and the third. Not himself, strictly speak-

ing, an isolationist, Mr Bill Clinton had no compunction about exploiting popular resentment against Mr Bush's apparently exclusive concern with foreign licy; and he would not have been elected had not Mr Ross Perot, with a much more crudely solationist message, taken a large share of Mr Bush's vote.

Once elected, Mr Clinton recruited many foreign policy specialists to advise him, most of whom inclined towards the multilateralist school of thought.

Underlying ambivalence

Yet, partly because they are not confident about carrying either the public or the president with them, there remained an underlying ambivalence. The US wanted to work through the UN and other multilateral institutions, but always on the assumption that it would be in the lead - not only politically, but also in the sense of having command of any combat one in wh were involved.

This version of multilateralism again, and urgently.

Innovation in Europe

THE FUTURE of the European Community's collaborative research policy, long promoted by Brussels as the key to technological innovation and industrial competitiveness, is in doubt. Germany, Britain and France are baulking at the Ecul3hn in funding proposed for the next five gars. If they stand firm, the council of Ministers may be drawn into political confrontation with the European Parliament.

As the EC's biggest paymasters, the three governments are motivated chiefly by financial considerations, while the Parliament's overriding interest is in testing the expanded institutional powers conferred on it by the Maastricht treaty. These circumstances are hardly conducive to constructive debate on what the policy has actually achieved, and whether it

merits further support.

The evidence is far from conclusive. It is hard to be sure how far oint programmes such as Esprit have yielded commercial results, race they mainly support generic research, not the development of products for market. Most independent observers agree, though, that they have helped increase the flow of knowhow by stimulating contacts between academics and industry across borders.

However, the programmes have conspicuously failed to prevent the Community's deficit on hightechnology trade from widening further in the past decade; neither have they saved its indigenous computer and semiconductor manufacturers from near-terminal decline. That these products are still made in Europe is due largely to local investment by US and Japanese companies, much of it prompted by EC trade barriers.

Wrong targets

this dismal record neither invalidates the case for EC research funding nor implies that more cash would have produced a better outcome. The problem is that policy has been directed at the wrong targets. Too much money has been squandered on failed prestige projects such as high-definition television and the Jessi microchip scheme, intended to nurture "infant industries" and equip European industrial champions to compete on world markets. is hard to sustain, because it means asking something of the US's partners which the US itself is not prepared to grant. It also leads to confusion about where the responsibility for policy decisions actually lies. In Somalia, many UN officials feel they have been effectively commandeered as extras in a film produced and directed by Americans. Yet US

policy-makers have blithely put

the blame on the UN for things

that have gone wrong. Serious resistance

That things have gone wrong neither side now seriously disputes. But the damage extends far beyond Somalia itself. The whole notion that the UN can bring order into parts of the world afflicted by chaos has been discredited. The remarkable success of the simultaneous, but much more carefully planned, and much more genuinely multilateral, operation in Cambodia has been eclipsed. To much of the world the UN has been portrayed as a mere tool in the hands of a blundering and arrogant superpower, instinctively inclined to tackle all problems with a show of military force, yet ready to back off as soon as it encounters serious resistance, To the US public, the UN has been proved a dangerous will o'the wisp, luring idealistic American soldiers to a humiliating and pointless death.

even in Europe, need to think

That has repeated the error of

national policies which relied on

state-backed investment projects

to foster big technological break-

throughs. Insofar as these have

produced any usable products, the only buyers have usually been

government monopolies, which

were often the projects' sponsors

in the first place. Rarely have

such policies helped companies

compete on open markets.

More important still, EC policy

has failed to remove the bigges

constraints to innovation. Research and development has

commanded so much attention

partly because it is the only ele-

ment in the innovation process which can be easily identified and

acted on by policy. However, it is only a measure of input. Its com-mercial value depends on how

effectively it is converted into

That is a task for which compa-nies are uniquely responsible. The

rise of Japan's export industries in

the past 30 years owes much to

their effectiveness in assimilating

technology originated abroad.

Their ability to do so has relied on

highly integrated product develop-

ment and manufacturing systems

which have encouraged company-

wide involvement in the innova-

Though European manufactur-

ers have applied Japanese tech-

niques in their factories, few have

yet extended them throughout

their business. That is true not

just in electronics and information

technology. Pharmaceuticals excepted, companies in many

other sectors have handicapped

innovation efforts by allowing big guifs to develop between their cen-tral research laboratories and pro-

duction and marketing divisions.

The current emphasis in Europe

on new management concepts

designed to enhance performance

by tightening links between corpo-

rate disciplines is an encouraging

sign that renewed efforts are

being made to catch up. EC and

national technology policies can

help by investing in the science

base, encouraging the dissemina-

tion of knowhow and raising skill

levels. But only by its own efforts

can industry ensure these assets

are put to productive use.

Japanese techniques

industrial output.

tion process.

The result has been a loss of Also showing fast growth in the nerve among the multilateralists in the State Department, the Pentagon, and the National Security Council, and a reassertion of Mr Clinton's own instinctive reluctance to get bogged down in complex foreign policy issues. Already, when he addressed the UN general assembly last month, he was clearly multiplying the conditions that had to be met before the US would involve itself in further peacekeeping or "peacemaking" operations. The chances of US troops being sent to Bosnia, never very great, are now virtu ally zero. From now on, the US is unlikely to risk its forces in any conflict where there is not a direct and more or less self-evident threat to its national interests. Those who believed the cold war would be followed by a period of Pax Americana, worldwide or

Improved industrial competitiveness is crucial for east Germany's economic recovery, says Judy Dempsey

A painstaking restoration



Germany, totalling around DM180bn (£73bn) this year, have been needed to make up the gap between what east Germans spend and what they earn. Total east German demand is almost double domestic output as measured by gross domestic product. If east German living standards are to be maintained, funding of this magnitude - amounting to about 5 per cent of west German GDP - will be needed for the next decade or so. At least, though, the east German

he government of the

east German state of

Saxony is carefully

restoring the Frauen-

kirche in Dresden, one of

Germany's most beautiful baroque churches, bombed by the British in

February 1945 and left in ruins for

four decades. Work is expected to

Three years after German unifica-

The Bundesbank, in its latest

monthly report, has recorded the first sign of sustained growth, with

manufacturing - hardest hit by the

radical upheavals of the last three

years - finally showing rising orders and production.

kirche, the reconstruction of east

Germany is less balanced and less

secure. While east Germany started

from a much lower base, it has, like

west Germany, suffered from the

unfavourable global economic envi-

ronment. Also hitting production

has been the rapid introduction of the D-Mark and the collapse of mar-

kets elsewhere in eastern Europe

Large-scale transfers from west

and the former Soviet Union.

But compared with the Frauen-

tion, a similar process of slow restructuring is taking place in the

last until 2006.

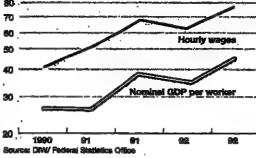
east German economy.

economy is now growing. In 1992 growth was 7 per cent and is expeced to be about the same this year. Particularly important in sustaining that growth has been the buoy-

ancy of the construction industry, even though the rate of increase has slowed recently. A third of 1993's transfers from west Germany will be channelled into infrastructure projects. The impact is obvious in the improved quality of roads, the water network and telecommu-

last three years have been familybased workshops, representatives of the Handwerk craft enterprises which are common in west Germany. Economic liberalisation created both a demand and supply of small-scale businesses and 870,000 such enterprises have been set up since unification. The Association for German Craftsman, which represents these businesses, believes they contribute about 7 per cent of east Germany's total output - but, because of difficulties in measuring their contribution to GDP, official

Wage and productivity levels in east Germany



Year on year increase (%)

mate their impact.

Yet the buoyancy of construction, services and small businesses is not enough to propel eastern Germany towards a self-sustained recovery. If east Germany is to become economically competitive – within Ger-many or abroad – the future of the manufacturing and industrial sectors will be critical.

Large swathes of eastern Germany's under-capitalised manufac-turing sector, which, before unifica-tion, contributed about 70 per cent of the region's GDP, have been forced to close because they were uncompetitive. There were two main reasons. First, monetary union led to a rapid escalation of both costs for manufacturers and output prices. Second, the demise of Comecon, the socialist trade bloc, deprived eastern Germany of markets which before 1990 had accounted for more than 75 per cent of eastern Germany's exports.

Since unification, the Treuhand agency, charged with privatising and restructuring east German industry, has embarked on a radical programme. Of the 13,000 enter-

10,000 have been sold, 2,500 closed, and 500 are being prepared for pri-

But the performance of the newly privatised sector has been disappointing, Mr Heiner Flassbeck, chief economist at the Berlin-based German DIW Institute for Economic Research, says a typical enterprise is making losses equivalent to about 30 per cent of annual turn-

The main brake has been high wage levels. In March 1991 IG Metall, the engineering trade union, together with former east German managers and west German employers, agreed that wages in eastern Germany should reach west German levels by 1994. But rising wages have stifled competitiveness. Subsequently, the 1994 deadline has been extended to 1996.

Mr Thomas Mayer, chief economist at the Frankfurt office of Goldman Sachs, the securities house, says the agreement has held back much-needed efficiency gains. He estimates productivity in eastern German industry is about 65 per cent below western German levels,

to 80 per cant of those in the west. That makes unit labour costs about 70 per cent higher. "This has had a debilitating effect on managers. They have little room to manoeu-

But Mrs Birgit Breuel, head of the Treuhand, says high wage levels are not the sole reason that east Germany's economy has not yet become self-sustaining. She believes that its manufacturing companies need pump priming in the form of investment and orders from west Germany and elsewhere. "The companies for which we are responsible have really improved their quality. What they need is orders. At the moment they get the orders, they increase their productivity immensely. But the [level of] orders they receive is linked to the recession in western Germany."

Despite the recession, the level of investment by western German companies has been holding up, partly because such strategic decisions are taken years in advance. But forecasts for next year are less optimistic. The Munich-based Ifo Economic Forecasting Institute ing in eastern Germany to rise by 15 per cent this year, but forecasts a one-fifth decline in west German industry's investment in machinery

and equipment next year.

Many economists believe that if east Germany is to attract sufficient future investment, the region's current high level of federal grants for investment and tax benefits will have be maintained - and possibly wage restraint introduced. According to the DIW, this year's federal subsidies to eastern Germany, including grants, tax concessions, soft loans and subsidies by the Treuhand, total DM50bn, or about 20 per cent of the region's GDP. These are in addition to the federal transfers, which go direct to governments of the eastern states.

Discontinuing such a high level of subsidy could hit companies in the west as well as the east. Mrs Breuel of the Treuhand says: "If they [west Germans] do not give orders to eastern German companies, the transfers will have to go on for a long time. And they will have to be paid

dding to the burden on west Germany would be continuing high unemployment. Before 1990, .92 per cent of the eastern German workforce were employed. Today 15 per cent of the 7.5m strong labour force is jobless. Taking account of job creation schemes and short-time working, the real unemployment level is at least 35 per cent.

Though high unemployment reinforces arguments for wage flexibil-ity, the adverse effect that breaking the link with west German wages would have on living standards means the German government is looking more towards continuing the subsidies and transfers in the hope of stimulating orders. The fear of some economists is that eastern Germany might become a "Mezzogiorno", a part of southern Italy that is heavily dependent on trans-fers from the prosperous north. Mr Kurt Biedenkopf, the prime

minister of Saxony, disagrees. "The whole comparison with a Mezzo-giorno is absolute nonsense. We are reconstructing an economy [in Sax-ony] that had the highest GDP per capita in all of Europe immediately after 1918. It has a 200-year history of industrialisation. A Mezzogiorno never had a combination of culture and industry.

Despite Mr Biedenkopf's bold statements, there seems little likelibood of a significant cut in transfers and subsidies from the west to east in the next decade. The growth that has taken root in some sectors will have to be maintained and perhaps accelerated if reconstruction leading to a self-sustaining economy is to keep pace with the rebuilding

Why arts need public money to flourish



ill informed and ill thought-out an article as David

Sawers's "No case for subsidies to the PERSONAL View, September VIEW 30), but the realisation that he is an

enough to read as

economic consultant writing for the Institute of Economic Affairs fills one with alarm.

The fact is that the commercial and subsidised theatre have been totally interdependent for many years. The reason the British thestre is the envy of the world, both artistically and financially, is that, since public money went into revitalising regional theatre from the 1950s onwards, a tremendous talent base has developed through the net-work of subsidised theatre companies across the UK, where actors, directors, designers, technicians and managements learn their craft. It is misleading to say unsubstdised theatres still account for the majority of the audience. Most UK theatres outside London's West End

lic money through the Arts Council and local authority grants. Even those now in private hands were brought back from disrepair and neglect during the 1960s and 1970s with public money and effort. At any time, most of the plays

and several of the musicals in the commercial West End have come out of subsidised theatres. The international blockbuster musicals which attract millions of people (and therefore earn many millions in revenue) have nearly all been created by directors and designers whose main professional experience has been in the subsidised theatre. The wide choice of shows available in London and in theatres and concert halls around the country generates a vast amount of money for the British economy. The state tourist authorities in countries such as Australia and America have calculated that, for each dollar spent at the theatre box office, on average a further \$2.70 is spent in the local economy through, for example, travel, hotels and restaurants. The arts are undoubtedly one of Britain's important industries and,

does not suffer from foreign competition. Its only problem is one of under-funding, not over-funding as Mr Sawers thinks.

At this time the whole fabric of the British theatre is under threat from government cuts. What is going to go to the wall is not the high-profile theatre that Mr Sawers's "richer classes" visit, but the

If there was no subsidised theatre. choice would shrink dramatically - and so would audiences

grass roots of the theatre that ordinary people need and support: Theatre in Education, schools' programmes, flourishing regional theatres where Shakespearean produc-tions are properly cast, grants for drama students, etc - in fact, all the areas where the next generation of productive talent and audiences will come from.

When I started producing in the a show together financially was by working with a subsidised repertory theatre to launch a tour. The major ity of shows that my fellow producers and I put on during our formative years came from state- and local authority-subsidised theatres. If there was no subsidised theatre,

the choice of theatre available would shrink dramatically. I am convinced that, contrary to Mr Saw-ers's opinion, audiences would also shrink, because it is variety that stimulates both artists and public alike. Popular musical shows such as Cats, Les Miserables or Miss Saigon are only spectacular suc-cesses because they engage the tal-ents of such world-class directors as Trevor Nunn and Nicholas Hytner. These directors' main body of work can only thrive in the subsidised sector, where they can work on new and classic plays and great operas, properly cast and realised on a scale to do justice to the author's work. Whenever I visit America, people

constantly bemoan the fact that there are so few directors and designers coming through in the US to revitalise the theatre, whereas new talent. The reason is simple: the US does not have the fabric of subsidised theatre that the UK does. Subsidies give a cushion for learn-

ing and experiment, just as a commercial company invests in the testing of a new product that may or may not go into successful production. If all funding were put into the hands of local authorities, we would indeed be in the situation Mr Sawers considers undesirable, "because it gives politicians and public servants the opportunity to influence the development of the arts".

At least the Arts Council, what-

ever its shortcomings, is a body whose only purpose is to develop and nurture all the arts, and not a collection of local politicians whose agendas may only peripherally include the arts. Art has a much longer shelf life

than commerce, and the UK cannot afford to squander any more of its artistic fabric or it will disinherit

Cameron Mackintosh

The author is a theatrical producer

Play it again, Ken

Kenneth Baker may not have enjoyed exactly glowing reviews of his memoirs, but at least his remarks about Sir George Jefferson are suitably diplomatic.

As minister for information technology in the early 1980s, one of Baker's first tasks was to overse the privatisation of British Tele-

In the first appearance he makes in the memoirs, Kenneth Baker The Turbulent Years, My Life in Politics, Jefferson, then chairman of BT, is described as "very co-operative" ... even if "he was irked by having to come and see me about quite trivial matters".

Jefferson may remember the, ultimately fairly successful, battles over the shape of post-privatisation BT slightly differently. Anyway, it will be Baker who is coming to see him, now that the

former cabinet minister has joined

the UK board of Videotron, the

Canadian-controlled cable company, of which Jefferson is chairman. One of the largest operators in the UK, Videotron wants Baker aboard because he "kicked off the whole cable business" - and forgives him entirely for the inaccuracy of his 1982 prediction that multi-channel cable TV would be in every British household before

At any rate, Baker is now in a

the end of the decade.

position to roll up his sleeves and

Sinking feeling ■ It was more a case of sinking

than floating at Allders yesterday. The department store and duty free retailer planning a stock market listing in November was due to present its pathfinder prospectus to stockbrokers in the City, but was hampered by the

Finance director Tony Collyer was stuck on a train from Bath which was stopped by rain water lapping the sleepers. And copies of the document itself were in a van from the printers which was held up by floods. Luckily chief executive Harvey

Lipsith's train had made it to town and he conducted the presentation single-handed.

Change agents

■ While small investors don't normally cause much of a stir in Zurich, a plague of them has lately rocked the city's public transit system by cleaning up profits of about 7,000 per cent on each minuscule outlay.

discovery that a Russian one rouble coin, worth about 2p, is the same size as a Swiss five franc piece. representing over £2.30. Hence by using a rouble to buy

Their bonanza began with the

OBSERVER



It used to be nice here before they built a new prison next door'

a cheap ticket from the system's

vending machines, they netted change in francs worth about £1.40. Transit authority director Rolf Künzle says the rouble trouble, which began in February, has cost the system nearly £56,000. But the machines have now been fixed to take neither five franc coins nor roubles pending development of an automatic way of discriminating between them.

An added worry initially was whether the change agents were coming in from Russia or local gnomes corrupted by the massive margins.

The question was resolved. however, when police arrested three Russians equipped with sacks of rouble coins and a map of the

Survey sell ■ A refreshing antidote to publishers' hype reaches Observer from the Behavioral Sciences

Research Press in Dallas. A recent survey has been asking hit the road, pick up the phone and go for the close day after day?"

According to the two behavioral scientists who have been out on the road themselves, 37 per cent of British sales people are mainly motivated by money - the same proportion, it emerges, as in the

Even more "interesting", the taster for the research goes on, only 20 per cent of Canadians are driven by such considerations -"despite also being former royal subjects and America's closest neighbors".

So what accounts for these cultural differences? "We don't know" the authors respond with disarming honesty.

Art of survival

■ There is no stopping John Tusa. Denied the chance to apply for the director-generalship of the BBC. he had also received insufficient credit for how he ran the BBC World Service. Now he has quit

as Master of Wolfson College after less than a year.

But the academic spat at Cambridge was last week. This week Tusa, who still presents the lunchtime news for BBC Television, becomes chairman of the advisory committee for the government art collection. His new influence extends,

therefore, to all 15,000 works of mainly British art which adorn the walls of government offices and British embassies.

At nearly-new Wolfson College. one of Tusa's many frustrations was the fact that there was no room for modern art in the master's dining room and elsewhere because of all that space devoted to portraits of ancient academics.

Described by one friend as "pathologically decisive", Tusa would have had exceptionally little patience with academic dithering. Watch out for some fast thinking, though, on how to enliven the walls

Misrouted

■ A reader writes in to point out that, while coming to accept that his luggage may go missing, he thinks British Airways, in its current dream ticket promotion. goes too far.

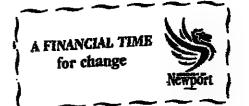
The offer reads: "Two flights on Club World to New York could give you and your partner the chance to stroll through the Arab bazaars

40.000



FINANCIAL TIMES

Thursday October 14 1993



Inflation rate rises by more than forecast and manufacturing output falls

Double blow for UK recovery

By Peter Norman and Emme Tucker in London

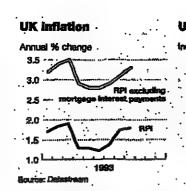
BRITAIN'S hopes of sustained, non-inflationary recovery were dealt a double blow yesterday with news of a fall in manufacturing output over the summer and a higher than expected rise

in retail prices last month.

Manufacturing output fell by a
seasonally adjusted 0.4 per cent in August, confounding expecta tions by market analysts of a 0.4 per cent rise in the month, while the year-on-year rate of retail price inflation quickened for the third successive month to 1.8 per cent in September, up sharply from June's 1.2 per cent low.

More worrying for Mr Kenneth Clarke, the chancellor of the exchequer, who meets his minis-ters and senior Treasury officials tomorrow to discuss the shape of his first budget on November 30, was September's rise to 3.3 per cent in underlying inflation, excluding mortgage interest pay-ments, from 3.1 per cent in the

year to August. Central Statistical Office figures also showed that growth in industrial production faitered during the summer with manufacturing output down 0.7 per cent in the three months to August 31 compared with the previous three-month period.

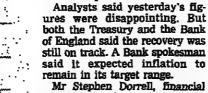


A confidential Treasury brief-ing paper leaked by the opposi-tion Labour party last night said manufacturing output would have to grow by about 2 per cent in September to meet expecta-tions of manufacturing output growth of about 1/2 per cent a month in August and September.

Yesterday's figures, following closely on Monday's news of a widening UK trade deficit and rising producer price inflation. underlined the fragility of the UK recovery and pointed to a nar-rowing of Mr Clarke's room for manoeuvre in the budget.

ling at the London close was ¼ pfennig lower at DM2.4425.
Equities weakened with the Weak output could undermine his capacity to raise taxes to cut FT-SE 100 index down 23.5 points Britain's £50bn (\$75bn) annual by early afternoon. Share prices budget deficit. The increase in later recovered as investors reaunderlying inflation to within the soned that Mr Clarke would now be less likely to raise taxes. The top quarter of the government's 1

UK manufacturing production down 13.8 points.



secretary to the Treasury, said Britain was still heading for 3 per cent growth in mid-1994 and denied that the recovery was fizzling out. "We never said this would proceed in a straight line".

Because state pensions and benefits are upgraded in line with September retail price inflation, next April's rise in pensions and benefits will be the smallest since the early 1960s.

The increase in inflation reflected widespread price rises for retail goods, in particular higher petrol prices and more expensive second hand cars. More inflationary pressures are in the pipeline, causing some analysts to fear that the 4 per cent target ceiling will be breached early next year.

Delayed measures announced in the last budget in March-including the extension of value added tax to domestic fuel - will add an extra percentage point.

Don't fuss about deficit, Page 12

Kohl urges EC to resist protectionism

GERMAN Chancellor Helmut Kohl told the French Senate yesterday that Europeans should "resist the temptation of protectionism", in a speech clearly designed to influence France's position in world trade talks.

Mr Edouard Balladur, the French prime minister, meanwhile told the National Assembly that France would settle for a General Agreement on Tariffs and Trade accord in the form of "a progress report" by the December 15 negotiating deadline "if certain partners were to pro-

Mr Balladur thus appeared to that his ministers have been wag-

ing in recent days for an "interim Gatt" deal this year, leaving the contentious issues of agriculture and broadcasting for later.

But Mr Balladur gave little sign of conceding on the substance of France's demands in Gatt. Calling for government and opposition parties to unite to defend "our country's national interests", the prime minister cited a series of unfulfilled demands on steel, aerospace, transport and market access, and warned that France would not allow itself to be "forced to take one extra hectare of land out of production" when countries like he US were putting their setaside land back into production.

Stressing the need for freer

trade, particularly with east

Europe, Mr Kohl said "West Europeans would be committing a fatal error if they thought that in removing competition by closing their markets they could benefft in any way whatsoever". Over the longer term, he said it was unthinkable for him as a German that Poland and the Czech Republic would stay outside the EC.

to 4 per cent target range could

crimp his scope to increase indi-

tax as well as limit his ability to

cut interest rates to offset any

fiscal tightening.
These conflicting currents were

reflected in financial markets yesterday. Gilts and sterling fell

sharply on the two reports, reflecting fears of higher infla-tion and concern about the recov-

ary. But they later made up some ground: 10-year gilt-edged stock

closed down f points while ster-

Using his Senate speech to try to give new impetus to the battered French-German alliance as well as to the EC, Mr Kohl said it was inevitable that the Bonn-Paris axis was sometimes prope to "disillusions and doubts". But the two countries shared a common fate and must form "the heart of the European Union", created by the Maastricht treaty.

Germany had proven its soli-darity with France with "concrete acts" such as Bundesbank support for other EC currencies. This has not been without problems for the Bundesbank, even if the latter has not made these

public", Mr Kohl said. After Tuesday's German court approval of Maastricht - which gives the French government the green light to put the Bank of France's independent status into effect – Mr Kohl called for strict observance of the treaty's "timetable and conditions to ensure monetary stability".

Mr Kohl said that: "a kind of improved free trade zone is not enough". A monetary union was not viable without a political

THE LEX COLUMN

Wiring up Tinsel Town

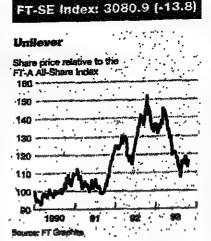
Hollywood was not mentioned once in Bell Atlantic's statement about its merger with TCI, perhaps for fear of frightening the children. The deal has many dimensions, and the expansion of cable television and its integration with telephony was a powerful force bringing the companies together. But the timing is important and Paramount is discernibly the ghost in the machine. TCI owns over 20 per cent of QVC, which is bidding for Paramount. Having looked a weaker competitor than Viacom, QVC suddenly has a merged Baby Bell and large cable operator as its backer. If an improved bid is forthcoming from QVC, Paramount's board can hardly swat it

The prize of the last footloose Hollywood studio feeding programmes into the largest US cable network backed by a telephone company with the capital to develop a large scale digital system has clearly turned executive heads. Whether Bell Atlantic will ever make money from TCI is more questionable. The price of 11.75 times cash flow is higher than the valuation of many telecoms companies, but not wildly so. The 35 per cent first year dilution of earnings is, however, a better indication of how much Bell Atlantic is betting on the deal.

Yet valuation seems almost irrelevant to companies at this stage. A stake in the few properties available in the fusing world of media and communications is viewed as merely the ante which buys admission to the multimedia poker game. No one can yet discern the final shape of the industry which will emerge, and the risk of buying the wrong companies at the wrong price is high. When this kind of money is changing hands, not even apparently impregnable stars like Disney are safe.

UK economy

The latest UK price and production figures appear to illustrate the dilemma facing the chancellor. If the economy is weak, the argument goes, he cannot easily put up taxes in November. But with the underlying rate of inflation at 3.3 per cent, it also seems risky to cut interest rates. It would be acutely embarrassing if the underlying rate subsequently moved to the top of the 4 per cent target celling, or even above it. The government's desire to avoid this may even dampen enthusiasm for higher VAT charges, which only increase the headline rate of inflation.



One reading of yesterday's data is that a budget of minimal change is becoming more likely. In the short term that might please the equity market, which, having enjoyed a sharp rebound in earnings so far this year, is starting to worry about whether the momentum can be sustained into 1994. But it would only leave the Job of correcting the PSBR to later.

In fact there may still be sense in a more radical shift in policy mix at the time of the budget. Manufacturing output is not weak because of poor con-sumer demand. Rather it is investment goods which have been hit, while weak European markets are holding back exports too. The most helpful palliative would be for lower continental interest rates. Failing that a slightly lower pound might secure some market share for British exporters. Higher tax on individuals offset by lower interest rates would assist industry while having some disinflationary benefit into the bargain.

Générale des Eaux

Not long ago Générale des Baux seemed to cast its substantial shadow across the UK water industry. A number of smaller water-only companies still fall within its empire. But fears of a French invasion proved unfounded. As its planned Ffr3bn-4bn rights issue shows, Générale has its hands full elsewhere. Proceeds will cover per-haps three years capital investment in SFR, which holds one of two digital callular phone licences in France. Construction and property interests have been mauled by recession at a time of rising capital spending, so gearing will be well over 100 per cent even after

Générale will have little incentive to look again at the UK's privatised water companies after takeover restrictions are lifted at the end of next year. The attraction to any potential bidder will depend on price limits set by the regulator for the second half

of the decade. Even on the most optimistic assumptions, though, water bills will not rise fast enough to cover investment. That could be an effective poison pill against a predator facing substantial calls on capital elsewhere Nor does Générale need a UK water acquisition for earnings growth. Its investment in telecoms should start to pay off in the middle of the decade and lower French interest rates will cut

the cost of servicing its debt mountain. Its existing French and international water interests look capable of delivering decent profits growth, with-out the bother of UK-style regulation.

Unilever

The 1.6 per cent bounce in Unilever's shares yesterday in response to perky sales predictions from Procter & Gamble provides another illustration of how closely UK consumer product stocks have shadowed their US peers this year. The rekindling of positive sentiment towards the US soap suds industry was strong enough to over-ride worries that P&G's gains were being made at Unilever's expense.

The striking correlation in share price performance between the two sectors is puzzling, however, given that none appeared to exist in the 1980s, Mariboro Friday has set the tone for both markets. Talk of the food industry's long-term secular declinions spread in New York and London. Both national sectors have suffered in 🚵 common as defensive stocks have fallen out of fashion. Both, too, have faced similar problems with sluggish recovery, rampant retailers, and the turn of the margin cycle.

Attention on both sides of the Atlan-tic is focusing on those companies which can evade such pressures by generating sustainable earnings in emerging markets. Both Nestlé and Unilever are well placed to benefit from this perception. The challenge for both will be to stabilise margins in Europe and the US while driving growth elsewhere. As the industrial heir to two colonial empires, the Anglo-Dutch company may have a particular historical advantage. Nestle, though, has been driving especially hard in the Far East.

Privatisation

yesterday. Mr Papandreou did not appoint a deputy prime minister, but created a special cabinet post for Mr Antonis Livanis, an adviser who worked closely with him when the Pasok was in power from 1981 to 1989. The post of economy minister

went to Mr Giorgos Gennimatas. Pasok's most popular member, who is suffering from cancer. The foreign minister will be Mr

Carolos Papoulias. Ms Melina Mercouri heads the culture min

Europe today

abundent sunshine Five-day forecast

The initiative, announced by Sir Leon Brittan, EC trade com-missioner, after a day of negotiations with Mr Mickey Kantor, his US counterpart, is in response to the lack of detailed progress on market opening deals reached in Tokyo in July by leaders of the Group of Seven industrial

"Everybody has been waiting

pared to wait any longer," Sir

Mr Kantor yesterday gave conditional support for a special Quad meeting, insisting that "further progress" was needed in negotiations before such a meetJapan and the US. As a result, it has faced criti-

above 33 per cent. Trade in farm products, which the French government would like to remove from the Uruguay Round agenda.

is halted

Continued from Page 1

on charges of breach of trust while in office. The new cabinet was sworn in

A poler front over the Channel, the Low Countries, southern Denmark and south-eastern Finland will cause clouds and an abundance of rain. Behind the front, a northerly flow will bring cool and unsettled conditions. Some showers will develop, but there will be clear spells too. Most of Ireland, Sweden and southern Norway will remain dry. A disturbance over eastern France, the Alps and Poland will trigger thundery showers. By early afternoon, eastern Spain will have plenty of sunshine, but further to the west, clouds will increase with showers arriving in north-western Spain and Portugal. High pressure over south-eastern Europe will be persistent and should continue to produce

High pressure over the Atlantic will build into north-western Europe bringing settled conditions. After the weekend, it will move toward the Baltic Sea. A frontal zone associated with a developing depression near Iceland will bring clouds and rain to the northern British Isles, in south-western Europe, low pressure will trigger thundery showers while the sunshine in south-eastern Europe will diminish as the high pressure area moves slowly eastwards.

IEC bids to break trade deadlock

By David Dodwell, World Trade

THE European Community is to propose cuts in tariff protection for manufactured goods in an attempt to break the deadlock in talks on world trade liberalisa-

for everyone else. We are not pre-

Leon said.
Sir Leon also called for a spe cial ministerial meeting of the

so-called Quad nations - Japan, Canada, the US and the EC - to resolve disagreements on the July commitments. There is rising concern that delays are jeopardising negotiators' ability to conclude the Uruguay Round of the General Agreement on Tariffs and Trade by its December 15

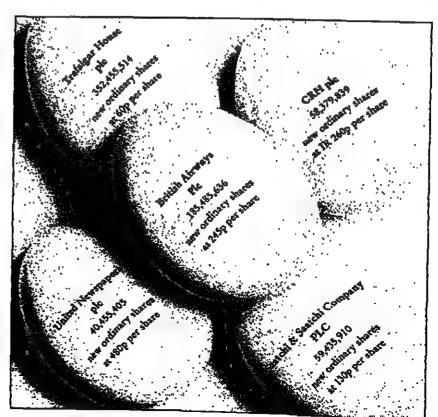
ing would be helpful. Talks with the EC continue today. The EC

FT WORLD WEATHER

has held back its tariff offer in the hope of winning further market-opening concessions from

cism from trading partners over the small size of its offer, which averages an estimated 26 per cent tariff cut. By comparison, Japan's offer amounts to 60 per cent, Canada's to 50 per cent and the US to 37 per cent. An EC official said the new schedule of tariff cuts, to be tabled in Geneva tomorrow would raise the average EC cut

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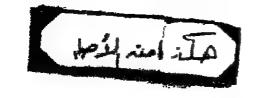


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WORD PROCESSORS

FINANCIAL TIMES

COMPANIES & MARKETS

THE FINANCIAL TIMES LIMITED 1993

Thursday October 14 1993



Woolworth

in \$480m

charge for

Bremen in talks for Klöckner-Werke sale

Bremen, the German city-state, is holding talks with domestic and international steel companies to find a buyer for the integrated steel mill of Klöckner-Werke, the ailing German steel group. Sidma, a subsidiary of Luxembourg's Arbad steelmaker, is among those in the discussions. Page 16

Yaohan seeks HK float

Yaohan International, the holding company of the Hong Kong-based Japanese retail group, is to raise HK\$662.5m (US\$86m) through a flotation on the Hong Kong stock market. Page 17

First Chicago rebounds

First Chicago reported a record profit of \$284m for the third quarter, a strong rebound from the \$372m loss lest year. The mid-western banking group attributes the improvement to strong contributions from all of its main business lines, perticularly proprietary trading and venture capital, Page 18

Travelers takes \$211m charge A rise in the number of environmental derriage and asbestos-related claims has forced Travelers, the US insurer, to take an after-tax charge of \$211m in its third quarter. Page 18

Forte leads flotation fever

Forte, the hotel and restaurant group, intends to float its eirport services group next year. Next month's flotation of Aliders, the department store and duty-free retailer, aims to raise about £85m (\$129m). Albert Fisher is spinning off Charles Sidney, its commercial vehicle and peasenger car dealer, next month. Page 20

irish eyes on Dunnes

Control of the Dunnes Stores empire, Ireland's largest supermarket and retailing chain, has taken on the semblance of a real-life soap opera, complete with scandal and disgrace. Page 22

Metal attraction



London's annual "metals week" is attracting nearly everyone who is anyone. Apart from paying hom-age to the London Metal Exchange, metals producers and consumers are starting their "mating season", the term used to describe the start of

Contial relations in Zimbabwe

Ten years ago Zimbabwe's finance minister Mr Bernard Chidzero denounced the stock exchange as the "prostitute of the economy" and industrial share prices plummeted. Today the wheel has turned full circle as Mr Chicizero has liberalised the regulations governing foreign investment. Back

Market Statistics

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ı	FT-A indices
1	FT-A world Indicate Break
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London shere services Liftle equity options London tracit, options Managed fund service Money markets New Int. bond less World commodity prices World stock mid indices

20 Groupe Buil

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First Chicago	18 VAE
Forte	20 WSP
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German markets merger cut back

By David Waller in Frankfurt

the German derivatives market with the market for German

emerged yesterday.
Only last week the Deutsche
Börse – the German stock exchange - announced far-reaching plans for a fusion with the Deutsche Terminborse (DTB), Germany's screen-based futures and options market. This was heralded as a step towards the full integration of the German

Search is

Groupe

Bull head

and Alice Rawsthorn in Paris

THE FRENCH government is

searching for a replacement for Mr Bernard Pache, chairman and chief executive of Groupe Bull,

the loss-making computer manu-

facturer, according to sources

close to the government. Groupe Buil yesterday refused

to comment on a report in Les

Echos, the business newspaper,

that Mr Pache was shortly to be

The newspaper report follows

months of speculation in Paris that Mr Pache's job was at risk.

Mr Pache, 58, ex-head of the French coal board, was appointed by the former left-wing government in June

last year with a remit to return

Bull to profitability and prepare

One senior French business-

man with experience of the com-puter industry said yesterday that it would be "crazy" to dis-min Mr Pache ofter such a short

period in office or to replace him

with somebody from outside the

The newspaper report said Mr

Pache's departure might be

the publication of the group's

recovery plan. The plan is expec-

ted to include a request for FFr9.2bn (\$1.6bn) of state aid.

Speculation about a successor

has mentioned Mr Jean-Marie

Descarpentries, former head of

the French packaging company Carnaud, who engineered the merger with Metal Box of the

UK. He was offered the job at the

time of Mr Pache's appointment,

Some argue that Mr Pache has

incurred government displeasure

by moving too slowly to trans-

form and revitalise Bull, which

has lost FFr15bn in the past

It is a time of intense uncer-

tainty for the senior management of France's state-controlled

companies. The Balladur govern-

ment has already made two new appointments. Mr Michel Péber-

eau has replaced Mr René

Thomas as chairman of Banque

Nationale de Paris and Mr Phil-

ippe Jaffré has succeeded Mr

Lolk Le Floch-Prigeut at the Elf

Aquitaine of group. Mr Jean-Yves Habérer, chair-

man of Crédit Lyonnais, the

troubled banking group, is mooted as the next target. He is

expected to move to Crédit National, another bank, to make way for Mr Jean Peyrelevade,

currently chairman of the Union

des Assurances de Paris (UAP)

insurance group.

The Balladur government is

anxious to ensure that the priva-

tisation candidates move into the

private sector with its own sym-

but turned it down

it for privatisation.

By Alan Cane in London

on for new

securities markets. Following a eeting of the supervisory board of the Deutsche Börse yesterday, on the pace of reform of the Ger-man securities markets following the creation of the Deutsche

The meeting decided yesterday that fusion between the legal bodies which own the Frankfurt tion between the two entities will be limited to administrative matters and will not extend to fusion of dealing and settlement tech-

presented the fusion of the two bodies as a fait accompli. It said then that the integration of the equities and fixed interest markets with the derivatives market was essential to improve the speed and reliability of trans-

Profile of the protagonists

1005 87 86 91 93

against other financial markets. Yesterday's toned-down statement from the Deutsche Börse points to tensions with the DTB over the pace of integration.

This represents a volte-face When the Deutsche Borse was from last week's statement which created at the beginning of the year it said fusion of the DTB's ettlement and trading technologies with those for equities and fixed interest would be a priority. It now seems that concrete measures in this area will not be discussed until well into next year. actions on the German markets, The Deutsche Börse has considto cut costs and enhance the ered enhancing the Ibis service, an electronic dealing system for a competitiveness of Germany

of information age

was introduced in April 1991. This has won a major share of turnover in leading German securities, but is seen as in need of updating, perhaps with the help of the technology developed for the DTB for the derivatives market. But co-operation between the Deutsche Börse and the DTB looks likely to be limited to the fusion of certain administrative functions. There will be, for example, a joint press office and a joint office to oversee market

limited number of German shares

and fixed interest securities that

restructure By Karen Zagor in New York WOOLWORTH, the US retailer, yesterday announced a \$480m after-tax charge against third-quarter earnings to cover restructuring which includes closing about 10 per cent of its stores and slashing its workforce by 9 per cent or 13,000 jobs.

Woolworth's sales performance has been lagging behind its competitors. The company disappointed Wall Street as earnings were eroded in the first and second quarters of this year when total profits were only \$3m, or 2 cents a share, compared with net income of \$50m, or 38 cents for the first six months of 1992.

In last year's third quarter, the group posted after-tax profits of \$65m on sales of \$2.5bn.

Woolworth will close about 970 general and speciality stores in the US and Canada. These stores suffered operating losses of \$36m in the first half.

About 250 of those to be closed will be changed into more profitable formats - mainly the group's athletic footwear and clothing chains. Woolworth will also remodel

and revamp the merchandise in some of its Kinney shoe stores and convert 100 Woolworth stores in Canada Into its Bargain

In the US, Woolworth will close 400, or about balf of its Woolworth general merchandise stores. It will also close 330, or about one third of its Kinney and Footquarters shoe stores. In Canada, only about 5 per cent of the group's stores will be closed per-

The news prompted Standard & Poor's, the US ratings agency, to downgrade its ratings on Woolworth's debt, preferred stock and commercial paper. Moody's Investors Service,

which placed Woolworth's commercial paper on review for possible downgrade, was concerned that Woolworth might be facing long-term demand in many of its

markets.
Mr William Lavin, who replaced Mr Harold Sells as chairman and chief executive in July, blamed antavourable economic

conditions in North America. increased competitive pressures and generally depressed con-

expect the programme to have a significant impact on its cash flows on an after-tax basis.

PLANS for a full-scale merger of equities and fixed interest securities have been scaled back, it

the scope of the planned merger has been curtailed, casting doubt Börse at the beginning of the

Stock Exchange - by far the largest of the eight stock exchanges in Germany - and the DTB was to be examined. Further co-opera-

Martin Dickson reports on the merger of Bell Atlantic with TCI Bells ring for prophets

wo prophets of the coming age of interactive multi-media communications joined forces yesterday to exploit an information revolution which promises to transform America – and eventually the world. Bell Atlantic, the "Baby Bell"

regional telephone company which serves the middle Atlantic seaboard of the US, announced plans for an agreed takeover of Tele-Communications Inc., the iargest cable TV company in the US, serving more than 20 per cent of America's cable homes. Bell Atlantic, led by Mr Ray-

mond Smith, 55, has been the most active of the seven "Baby Bell" local phone companies in preparing for an interactive multi-media world. TCFs 52-year-old head Mr John

Malone - who will become vicechairman of the enlarged Bell Atlantic - is also a tireless proponent of this brave new world. The pair's shared vision of the future played a key role in prompting the deal. Both described it as the "perfect information age marriage".

If it survives regulatory scrutiny, the deal will be the most far-reaching in a series of linkups between US cable television and telephone companies since the start of the year.

Over the next few years, house holds will be able to call up on a television set a vast array of information and entertainment. together with video telephone calls - although it remains

are ready to pay for this.

Both the telephone and cable television industries have wires running into most US homes. The convergence of the two sectors at one time looked like provoking a furious battle, but instead the two are getting together. They have realised that each brings complementary skills to the extremely costly task of supplying the new technology to

The local telephone companies have much deeper pockets than the cable companies, as well as skills in switching complex two-way traffic. The TV compamies' co-axial cable offers a much broader conduit to the home than telephone copper wires; and the cable companies have skills in distributing programmes which

the telephone companies lack. Until now, the biggest link-up between the two industries was an agreement whereby US West, the Baby Bell telephone company serving the Rocky Mountains and Northwest, paid \$2.5bn for a 26 per cent stake in the entertainment production and cable arm of Time Warner, the country's second largest cable service pro-

Yesterday's deal carries the trend to its logical conclusion with a proposal for a full-scale merger. It seems certain to provoke a rash of imitations as other telephone and cable companies scramble to position themselves for the new age. However, the merger between

Bell Atlantic, whose turnover of around \$13bn makes it the third

largest Baby Bell, and TCI should Liberty Media, a large cable programming company which it spun off in 1991 because of regugive these two companies a pow-erful position in setting technical standards and gaining market atory concerns. share. This is partly because it is the first full merger, involving Liberty in turn owns a large stake in QVC Network, a home such large players, and partly because of the energy of the two

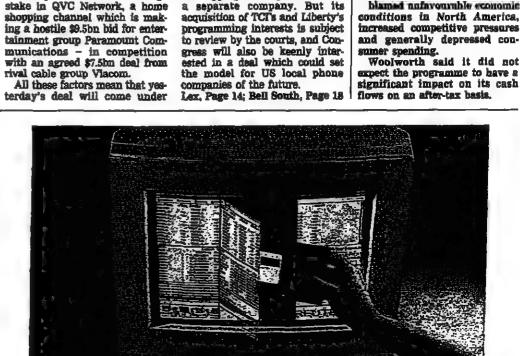
The Baby Bell companies spun off from long-distance carrier American Telephone and Telegraph in 1984 under a courtordered anti-trust settlement have tended to inherit the cul-

companies and the men who run

ture of monopolistic utilities. Under Mr Smith, Bell Atlantic has tried particularly hard to become more entrepreneurial, and has emerged as the most aggressive Baby Bell in trying to enter the multi-media industry. In August, it became the first US telephone company allowed to offer video services in its own telephone service area, when it successfully challenged a section of the 1984 cable television act

It is also one of the largest players in the US cellular telephone industry, cementing its position two years ago with the \$1.5bn acquisition of the Metro Mobile service. Earlier this week ket, paying \$1bn for 42 per cent of carrier Grupo Iusacell. As for TCI, in 20 years Mr John

rag-tag mix of small, poorly capitalised cable operations into an industry leader. It announced plans last week to re-merge with



intense regulatory scrutiny.

Bell Atlantic, which is not allowed to own cable systems in

its own area, will spin off TCI's

overlapping cable operations into

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Capel loses emerging markets team to Morgan Grenfell sales and research side. Capel ing most of their sales teams

By Sara Webb in London

MORGAN Grenfell, the UK merchant bank, has recruited about 20 equity traders, analysts and sales staff from rival James Capel to beef up its developing country debt and bond operations. The mass hirings boost Morgan Grenfell's emerging markets headcount by roughly 20 per cent to about 120 and are a testimony to the growing importance of emerging mar-ket investments. The new team gives Morgan Grenfell an entrée into the vibrant emerging mar-

Morgan Greafell expects the

ket equity business. The departures, which started a couple of weeks ago, have cut a swathe through Capel's emerging markets operations in London and New York, more than halving the staff on the trading,

said 18 staff from offices in London, New York, Mexico, and Hong Rong - mostly covering Latin American equities - had formally quit.

The company, which is a sub-sidiary of HSBC Holdings, has shifted staff from its international equities operations to plug the gaps and plans to "re-orient the focus of the team towards Asia" where it claims a competitive advantage through its per-

new recraits, who include Mr Jonathan Binder, head of emerging markets sales in New York and a former Morgan Grenfell employee, and Mr Mark Done-gan, head of the sales force in London, to join by the beginning of December. The two are bringwith them. Morgan Grenfell indicated that recruitment was still Mr Rick Haller, head of Mor-

gan Grenfell's emerging markets operations, said: "We are one of the top three traders worldwide of emerging market debt." According to one estimate, Morgan Grenfell turns over \$10bn of debt and bonds a month. But its operations have until now lacked muscle on the equity side.

Increasingly, those international investors interested in emerging markets want to buy both debt and equities for their portfolios. "What you are finding in the emerging markets is that if an institution likes the country story they buy everything," said one specialist at

Bremen holds talks to sell Klöckner-Werke steel mill

By Ariane Genillard in Bonn

BREMEN, the German citystate, yesterday confirmed it was holding talks with domestic and international steel companies in an attempt to find a buyer for the integrated steel mill of Klöckner-Werke, the ail-

ing German steel group. Mr Claus Jäger, the state economics minister, said that Sidma, a subsidiary of the Arbed steelmaker in Luxembourg, was among those in the

The talks form part of the state's strategy to fend off a rival offer made by Thyssen and Krupp-Hoesch, Germany's two largest steelmakers.

The state, which has one of the highest unemployment rates in Germany, is concerned about the future of the 4,600 jobs at the Klöckner-Werke plant. It says the Thyssen's proposal would only keep 1,000 employees.

Benetton sells

10% stake in

banking arm

By Robert Graham in Rome

THE BENETTON family has

agreed to let Banco Ambros-

lano Veneto (Ambroveneto)

take a 10 per cent stake in

21,Investimenti, owned by

the Benettons through their

main holding, Edizone Hold-

ing, was formed two years ago

with a L40bn (\$35.1m) capital.

Ambroveneto is expected to

pay L6bn for the shareholding,

which in turn will prompt a

21.Investimenti, their mer-

chant banking arm.

capital increase.

Thyssen yesterday said it sheets for household goods. had no intention of closing down any part of the mill. It said it was only interested in buying the cold-rolling mill and not the whole integrated

Mr Jäger said Thyssen and Krupp-Hoesch wanted to acquire the Klöckner-Werke plant to partially close it and eliminate a competitor in the German steel market. "We are instead trying to find a solution with other companies who know the steel market."

Sidma, which is 67 per cent owned by Arbed, said that it had an interest in the future of Klöckner-Werke's plant with the German group in Belgium. Klöckner-Werke owns 25 per cent of Allegheny Ludlum Corporation (ALZ), a subsidiary of Sidma in Ghent which produces stainless steel. It also has a 30 per cent stake in Sikel, a subsidiary producing metal

Sidma said: "We are investigating the possibility of some co-operation between Sidma and Klöckner-Werke. But it is too early to say what form this co-operation will take."

in Luxembourg, Arbed yesterday denied any intention to acquire a stake in the Klockner-Werke steel plant. It confirmed that talks were taking place, but stressed that they had focused mostly on the future of the German group's joint ventures in Belgium.

Klöckner-Werke's shares on the Frankfurt stock market rose to a 1993 high, up DM7 at DM91.50. Traders said the rise was fuelled by speculation that Bremen may put in a bid for the plant on behalf of an industry consortium.

Mr Jäger said that the Bremen state would rather avoid taking a stake in the steel plant and was seeking private

Stroeher family to sell part of Wella holding

Stroeher, the founder of Wella, the German personal care products manufacturer, will offer a portion of their stake in the company as common shares on German and Swiss

stock exchanges, AP-DJ reports from Darmstadt. The Stroeher family still owns 66.8 per cent of the company's share capital and will offer 20 per cent of their stake - 13.4 per cent of the company to cover inheritance taxes, Mr Peter Zuehlsdorff, the chairman, said yesterday.

The timing of the issue has Benetton, Italy's biggest pronot been determined. ducer of casual clothes, has Wella will propose the transused 21 Investimenti to invest formation of registered ordiin high-quality brand names nary stock into ordinary bearer that coincide with the group's shares at an extraordinary sport and green life-style shareholders' meeting. Followimage. The investments include a 50 per cent stake in ing this change, the shares would be listed in Frankfurt. TWR, the UK sports car Berlin, Vienna, Zurich, Geneva

Ambroveneto is Italy's larg-Preferred shares, which repest private bank. It is one of resent 33.2 per cent of the comthe first instances of an Italian pany's capital, are already bank taking advantage of new

traded publicly. An undetermined portion of legislation permitting them to invest directly in businesses. I the newly available common shares

DESCENDANTS of Mr Franz shares would be offered to owners of the company's preferred shares but no price has been set for the shares. No capital increase is planned, Mr Zuehlsdorff said.

Wella has previously reported that sales for the first nine months of 1993 were up a sluggish 3.2 per cent over the same period last year. However, Mr Zuehlsdorff

said the company expects fullyear sales growth to reach 6 cent, for a total of DM2.9bn, citing a strong increase in recent months. A first-time consolidation of

brands acquired from Smith-Kline Beecham in June will also boost the full-year figure, Mr Zuehisdorff also said he

expects profits for the year to grow more quickly than sales. The company said that twothirds of the increase in the 1993 dividend would reflect tax changes which have reduced corporation tax. Wella paid a dividend of DM9 a share on ordinary stock on 1992 results and DM10 on preference

UAP plans challenge for top position in insurance

By Alice Rawsthorn in Parls

UNION des Assurances de Paris (UAP) has achieved its aim of becoming a force in the European insurance industry following this week's acquisi-tion of a controlling stake in Colonia, the German insurer, according to Mr Jean Peyrele-

He said UAP, the largest force in French insurance, was Europe's second-largest insurer and planned to challenge Germany's Allianz for pole position. "UAP is now clearly a force in Europe. We're pleased to have moved into a position where we can prepare for the race to the

UAP, a candidate for privatisation by France's centre-right government, has for four years been trying to take over Colonia, the second-biggest German insurer. It sought to negotiate a deal with Suez, the French holding company that owns Victoire, the French insurer with a majority interest în Colonia.

Mr Peyrelevade, who was anxious to conclude the deal before UAP's privatisation amid speculation that he was about to become chairman of Crédit Lyonnais, the French bank, concluded the deal on Tuesday.

The agreement, a complex combination of cash payments and share swaps, is valued at FFr8bn-FFr10bn (\$1.4bn-\$1.8bn). However, UAP had paid FFr14bn for a 34 per cent minority stake in Victoire which it has ceded to Suez. Mr Peyrelevade said the transac tion would dilute UAP's carnings per share by 10 per cent in 1994 and 6.7 per cent in 1005.

UAP intends to consolidate its interests. "The focus of the group will change dramatically to internal growth and profitability," said Mr Peyrelevade. "After all, we've run out of money and we wouldn't want to be imprudent."

1901, returning only in 1989 when it opened a joint repre-UAP still plans to expand its sentative office for its London, UK interests beyond its exist-Paris and Zurich operations. Since 1989, Rothschild's Ger-Peyrelevade said that he hoped man business has been concennext year to conclude talks trated on corporate finance and private client activities. with a UK partner.

Christiania Bank prepares issue

NORWAY'S finance ministry yesterday cleared the way for state-owned Christiania Bank, Norway's second-biggest bank, to be partially privatised. The ministry also said it expected Den norske Bank, the biggest bank, to make a public offering

Earlier this year, the ministry indicated that it would dispose of at least part of its shareholding. However, yesterday it said an issue of new

shares, which would dilute the state's stake, was more likely. "Christiania has now been

given the clear signal to prepare a major issue of new shares which can take place either late this year or early next year," the ministry said. Mr Ole Kristian Udnes, Christiania's chief financial officer, said he welcomed the state's decision to approve a

state sell-off. "Our feeling is that the market is positive towards a share

public offering rather than a

issue and various market players have expressed interest in Scandinavian bank shares in general," Mr Udnes said.

He added that Christiania hoped to disclose details of the offering on November 4, when the bank's third-quarter result is due to be published, or shortly afterwards.

Domestic banking industry sources expected Christiania's issue to be launched in two steps to test market conditions. DnB, which is 69 per cent owned by the state, said that it

hoped to disclose details of a possible share issue on October 26, when the bank will publish its third-quarter figures. How. ever DnB is not expected to launch a share offering until 1994 and it is likely to be smaller than Christiania's.

131

Christiania Bank and DaB returned to profit in the first half after several years of losses. DnB then said it did not need to call on a NKr600m (\$85.7m) state guarantee. In Oslo, DnB's A-shares closed NKr0.20 higher at NKr18.60.

French utility

holding company, indicated

yesterday that some of the pro-ceeds of its planned FFr3bn-FFr4bn (\$535-\$714m)

rights issue would be devoted

to developing cellular phones

in Europe and electricity pro-

duction in the US. These are

FFr3bn investment this year.

among the group's fastest growing activities, and it plans

ICI adds to explosives division

The deal adds a business with

sales of £150m-£200m to ICI's

explosives division which last

By Philip Gawith in Johannesburg and Paul

Chemical IMPERIAL Industries, the UK's biggest chemicals concern, has reinforced its presence in the civil explosives industry by acquiring a 51 per cent stake in AECI Explosives of South Africa.

The deal is an asset swap in which ICI exchanges a 25 per cent stake in AECI, a South African petrochemicals, paints and agricultural products company, for control of AECI's explosives business. ICI retains a 13.3 per cent stake in AECL Mr Bob Clarke, chief execu-tive of ICI Explosives, described the deal as "the most important step in ICI Explosives for very many years".

Rothschild

in Germany

eyes expansion

By David Waller in Frenkfurt

ROTHSCHILD, the German

banking arm of the Rothschild

family banking group, is to expand its operations in Ger-

many by providing additional

services to private and institu-

The Rothschild empire was

founded in Frankfurt in 1792

but the family left Germany in

year had a turnover of £573m. AECI's explosives operations, which supply the construction and mining industry, have trading margins just below the 10 per cent achieved by ICI's existing explosives

Mr Rob Margetts, ICI board director, said: "Now sanctions have been dropped we expect to export significant quantities

from South Africa." The deal was part of ICI's strategy to focus resources on global businesses in which the company could be a leader, said Mr Margetts. It reinforced ICT's position as the leading manufacturer of civil explosives, he added.

By Ronald van de Krol

n Ameterdam

ters of 1993.

petrochemicals

OCE-VAN der Grinten, the

Dutch photocopier and office

equipment maker, reported a

26 per cent fall in third-quarter

net profit. This comes after

declines of nearly 50 per cent

in each of the first two quar-

Net profit fell to Fi 13.9m

(87.7m) from Fi 18.8m in the

Figures for the nine-months were down 42 per cent at

The company blamed the

decline on lower sales, caused mainly by the weakness of

third quarter of 1992.

details plans for investment operations which the British company has divested in the swap are not core activities. The new holding company of

held a 38 per cent stake. Mr Mike Sander, AECI managing director, said the joint venture would be strengthened by an enhanced capability to meet international competition and by improved access to foreign markets and investment

opportunities. Mr Sander added that the

Oce declines 26% to

Fl 13.9m in third term

trend.

Fl 1.85bn.

final dividend.

By David Buchan in Paris AECI will be Anglo American COMPAGNIE Générale des Industrial Corporation which Eaux, the French industrial

deal would help AECI to create strong, self-standing businesses. AECI is South Africa's leading supplier of chemicals and related products. After difficult years in 1991 and 1992, AECI lifted net profits in the cent to R75m (£14.5m).

European economies and

which extended the first-half

The depreciation of impor-

tant currencies against the

Dutch guilder continued in the

third quarter, but at a reduced

Third-quarter sales fell by

per cent to Fl 603m. In the first

three quarters taken together,

sales declined by 7 per cent to

would pay an unchanged

interim dividend of Fl 0.90.

However, it said the interim

dividend should not be seen as

an indication of the level of the

Oce-van der Grinten said it

Announcing the rights issue on Tuesday night, the company said its aim was to "reinforce its own funds, but a

spokeswoman yesterday pointed out that group equity, together with convertible bonds, totalled FFr29bn, outweighing long-term debt at the The rights issue brings to FFr35bn the amount of new

equity that companies have raised, or plan to raise, this year, in addition to the government's programme to sell around FFr40bn of state asse this autumn. This compares with a total of

FFr50bn equity raised last year. The volume of convertible bond issues has risen from FFT3bn in the whole of 1992, to FFr12bn so far this year. Générale des Eaux said it

would spell out the aims of its rights issue shortly when fixing the terms. Mr Olivier Fèrve, an analyst

with Barings Securities said using the total FFr4bn to reduce debt "would be in the short-term interest of shareholders because it would not dilute earnings per share".

م البنك السعودي الامريكي Saudi American Bank

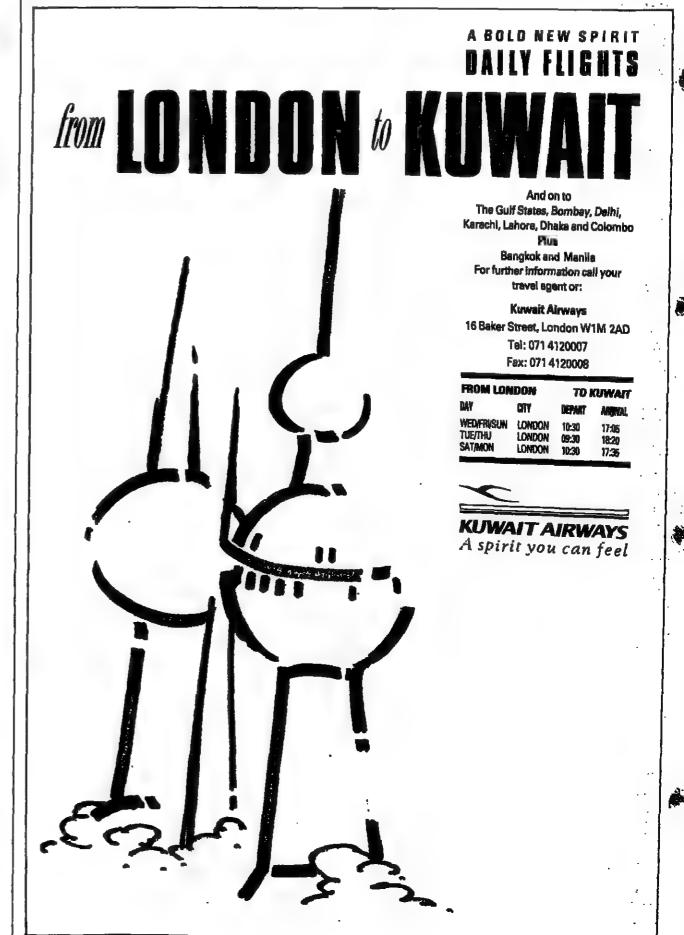
FINANCIAL HIGHLIGHTS

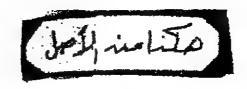
UNAUDITED AS OF SEPTEMBER 30, 1993

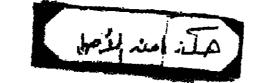
	September 30 1993	September 30
	5JR 7000	SR 1000
Assets	OM 100	2K 000
Cash and Due from Banks	7.455.577	8,505,043
Loans and Advances (net)	12.215.903	11,103,980
Bonds and Securities	18.366.957	16,565,592
Other Assets	2,211,497	1,791,168
Olliel Library	7,011,471	1,771,100
Total Assets	40,249,934	37,965,783
Liabilities and Shareholders' Funds		
Customer Deposits	30,169,942	28,125,218
Due to Banks	5,800,862	5,817,859
Other Liabilities	963,608	939,453
Shareholders' Funds	3,315,522	3,083,253
Total Liabilities and Shareholders' Funds	40,249,934	37,965,783
Contra Accounts	72,728,193	54,919,999
Statement of Earnings		
Operating Revenue	1,108,587	1,075,201
Less: Operating Expenses	(418,608)	(364,472)
Total Operating Income	689,979	710,729
Transfer to Reserves Net of Credit Recoveries	593	(24,842)
Net Income for the nine months		
ended September 30, 1993.	690,572	685,887

For further information, please contact: Head office: The Corporate Secretary, Saudi American Bank, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia. Telephone: (01) 477 4770. London branch: The General Manager, Saudi American Bank, Nightingale House, 65 Curzon Street, London W IY 7PE, U.K. Telephone: (71) 355 4411. Istanbul branch: The General Manager, Saudi American Bank, P.O. Box 49, Levant, Isranbul, Turkey. Telephone: (11) 300284/7.

Geneva office: The General Manager, Samba Finance S.A., 38/7 Rue du Commerce, 1204 Geneva, Switzerland. Telephone: (22) 3102400. New York representative office: The General Manager, Saudi American Bank, 666 Fifth Avenue, New York, NY 10103, U.S.A. Telephone: (212) 3078274. Paris representative office: The General Manager, Saudi American Bank, 51 Avenue Hoche, Paris 75008, France. Telephone: (1) 43 80 00 80.







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Ness de la company de la compa

French utility

for investment

By David Buchan in Paris

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details plans

INTERNATIONAL COMPANIES AND FINANCE

Yaohan International plans HK\$662m flotation

By Simon Davis in Hong Kong

YAOHAN International, holding company of the Hong Kong-based Japanese retail group, yesterday announced it is to raise HK\$662.5m (US\$85.7m) through a flotation on the Hong Kong stock market.

The company has a disappointing track record on earnings from its core retail bustness, but profits have been boosted by property disposals. Investors are expected to subscribe because of the group's long-term China ambitions, and the impressive connections of its chairman, Mr Kazuo

Yaohan's board of directors structed in Shanghai. The

TOWER Corporation, which

claims to be the largest mutual

insurance group in New Zealand, is acquiring the Austra-

lian operations of the UK's

Friends Provident in an

attempt to step up its presence

No price was disclosed for the deal. However, Friends

Provident Australia, based in

Sydney, has around A\$1bn

(US\$661m) in assets and some

100,000 policyholders. Annual

in the Australian market

NIKKI Test

in Sydney

includes the former chief exec-utive of the Hong Kong Stock Exchange and chairman of the Securities and Futures Commission, in addition to the chairmen of Citic Australia and China Resources. This demonstrates the level of bustness clout Mr Wada has achieved since he moved head-

quarters to Hong Kong in 1990. Yaohan International controls three listed companies in Hong Kong, which own local department stores, restaurants and food processing operations, but it will also be the primary vehicle for Mr Wada's push into China.

The company has a 36 per cent stake in a joint-venture department store being con-

NZ insurer in Australian deal

The deal significantly

expands Tower's Australian

operations, based in Mel-bourne. Mr James Boonzair,

Tower's managing director,

said the combined Australian

businesses would have about

140,000 policyholders, and assets of A\$1.3bn. Tower Cor-

poration, he added, had been

seeking "critical mass" in Aus-

tralia, and the merger should

make a "viable Australian

company". Friends Provident is owned

A\$130m.

premium income is put at by Eureko, the European finan-

store will cost US\$100m to build, and when complete in late 1995 will be the largest store in Asia.

The Chinese projects are all long-term, and the short-term outlook for Yaohan International is less dynamic. In the year to March 1993, property sales accounted for HK\$136m out of operating profit of HK \$264m.

In the current fiscal year, property profits of HK\$170m are already locked in, and represent the bulk of earnings growth in a prospectus forecast

Yaohan International is offering 247.2m new shares at HK\$2.68 a share, representing 25 per cent of the enlarged share capital of the company.

four insurance businesses

based in Scandinavia, the

Netherlands and the UK.

Eureko said yesterday that

Friends' Australian arm

needed to be larger, and

required more local support

than Eureko wished to provide.

nership added that, although

The Amsterdam-based part-

approximately A\$120m to cial services group formed by

which accounts for nearly 40 per cent of group turnover, reported a 13.9 per cent rise in sales in the quarter, to SFr6.7bn. Sales in the relatively small

diagnostics and vision businesses were ahead by 44 per cent and and 26 per cent

Sales in the agricultural chemical division advanced 10.1 per cent to SFr839m, fulfilling the group's expecta-tions of a stronger second half in the US and in the southern

mainly dyes, additives, pig-ments and polymers – also recovered, with sales up 2 per cent in the quarter to SFr2.1bn.

sales were flat at SFr17.1bn.

Boral drops Sagasco bid conditions Tanzania Breweries, Reuter

BORAL, the Australian building products and energy group, yesterday waived some the technical conditions attached to its A\$760m (US\$502m) takeover bid for Sagasco Holdings, the Adelaide-based gas producer, but made no change to the A\$3.50-a-share offer price, writes Mikks Telt.

The dropping of the conditions gives Boral additional flexibility in the latter stages of the bid contest, although the predator has maintained the key 50.1 per cent acceptance

Sagasco has already rejected Boral's bid as inadequate. Much now depends on what the South Australian government decides to do with its remaining 31.8 per cent interest in Sagasco. Boral already owns 19.9 per cant of Sagasco, bought from the state govern-ment, and purchase of the remaining interest would be sufficient to give Boral control of its target.

Shell Forestry rationalises in NZ

SHELL Forestry, a subsidiary of the international oil company, has sold its 40 per cent stake in Baigent Forest Indus-

NEWS DIGEST

tries to Carter Holt Harvey as part of a rationalisation of its once substantial New Zealand forestry assets, writes Terry Hall in Wellington. Carter Holt Harvey, which is

controlled by a consortium of US-based International Paper and Brierley Investments, announced yesterday that it was buying the half share of Baigent Industries that it did not already control.

Carter Holt Harvey said that it was paying NZ\$105m (US\$58m) for the shares held by Shell and the 10 per cent owned by Todd Forestry, a

Baigent owns 28,269 hectares of forests in South Island and a modern sawmill which pro-duces 140,000 cubic metres of timber a year. The company is upgrading the mill at a cost

SAB subsidiary in \$20m brewery deal

SOUTH African Breweries said that its Dutch-based subsidiary Indol International had reached agreement in principle with the Tanzanian government to buy 50 per cent of its

reports from Johannesburg.

A spokesman for SAB said that the \$20.5m deal hinged on the company satisfying certain regulations in South Africa.

Sega and Fuji join multimedia forces

SEGA Enterprises and Japan's Futi Television Network said they would start selling new video game software next year in what they called the first step of broadened co-operation in multimedia, Reuter reports from Tokyo.

The first project is designed to combine Fuji's assets of pictures and sound of Formula One motor racing with Sega's expertise in developing video

Mars plans to invest \$10m in India

MARS, the New Jersey-based company, plans to invest Rs320m (\$10m) to set up two factories in India to tap into the Rs8bn-a-year market for chocolate and cocoa-based products, AP-DJ reports from New Delhi. The company will employ 300 workers and production is to start in 1996.

Ciba sales rise 8.3% to SFr5.2bn in third term

By lan Rodger

CIBA, the Swiss pharmacenticals and chemicals group, reported an 8.3 per cent upturn in sales in the third quarter to SPr5.2bn (\$3.7bn), and reiterated its forecast of an increase in net income for the full year.

Sales in all three divisions grew in the third quarter, in contrast to the generally flat and lower trends in the first half. Part of the gains came from the appreciation of for-eign currencies, especially the US dollar, against the Swiss

The healthcare division.

respectively.
The core pharmacoutical

business lifted sales 8.6 per cent to SFr1.6bn as the effects of the US introduction last year of the Habitrol patch to help people stop smoking

the bulk of its operations are based in Europe, there were no plans to dispose of the two North American businesses – a life company based in Vancouver, and a medical insurance The industrial businesses -

which owns the intercontinental Hotel group. saw a 3.3 per cant decline in sales to Y529.3bn (\$4.9bn) for the first six months to August and a 15.6 per cent drop in operating profits to

For the nine months, group

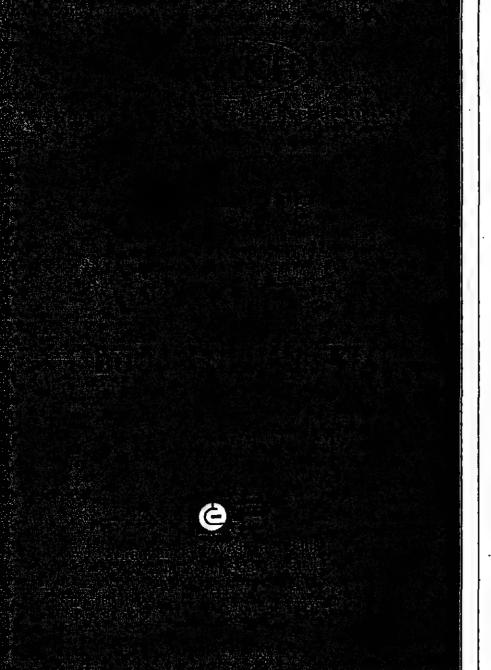
Finnish elevator group falls 16% at eight months

By Christopher Brown-Humes

KONE, the Finnish lifts and cranes group, yesterday blamed falling European demand for its elevators as well as currency factors for a 16.6 per cent drop in profits after financial items to FM201m (\$35m) for the first eight months.

cent at FM7.4bn, due to the weaker markka. The rate of growth was slightly lower at Kone Elevators, which accounts for 71 per cent of sales, where turnover grew from FM4.5bn to FM5.3bn.

Lower European demand for new lifts and modernisation, particularly in Finland, France and Italy, has pushed down the real value of the elevator unit's orders by 5 per cent, in spite of growth in eastern Asia.



Second-half improvement at Engen

AN IMPROVED second-half performance helped Engen, the energy unit of South Africa's Gencor mining group, lift net income by 13 per cent to R480m (\$139m) in the year to August,

from R424m a year ago. Earnings, which were in line with market expectations, were helped by the higher volumes of crude oil processed at the Engen refinery in Durban following the successful commissioning of a R600m expansion

increased by 12 per cent to 154 cents per share, against 137.5 cents last time, on earnings of 309 cents per share compared with 275 cents.

The company was reluctant to offer a specific earnings forecast, saying it depended on the economy recovering from recession and political stabil-ity. With the benefits of the refinery upgrade now available for a full year, however, they were optimistic that earnings should improve. Turnover rose by 17.7 per

due mainly to two governmentimposed rises in petrol prices during the year. There was no volume growth in the domestic market.

Continuing benefits from overseas markets re-opening to South Africa in the wake of political reform helped boost export volumes by 70 per cent. Engen now exports to 26 countries, mostly in Africa. Margins on these sales are considerably lower than in the domestic market.

Operating income rose by

project. The dividend was cent to R7.7bn, from R6.6bn, 47.1 per cent to R578m, but financing income fell to R16m from R140m in 1992 as rights issue cash was spent. As a result, pre-tax income was only 11.4 per cent higher at R594m (R530m).

A R115m programme to convert the livery of petrol stations to Engen from Mobil (Engen was formed on the rump of the disinvesting Mobil in 1990) is nearly complete and has boosted market share, which reached 25.8 per cent in the gasoline market in the sec-

Marubeni to

Y23bn in loans

MARUBENI, a leading

Japanese trading house, will

liquidate part of its securities

write off

By Emiko Terazono

Outokumpu unit sale raises \$129m

OUTOKUMPU, the Finnish mining and metals group, has raised \$129m from the sale of OM Group, its US speciality chemicals unit.

It had been hoping to raise as much as \$170m from the dis-posal, but this was before poor market conditions forced it to postpone the sale, planned for

OM Group is being bought

By Emiko Terazono in Tokyo

TWO Japanese retailers

belonging to the Seibu Saison

group, a leading retail and

consumer services concern,

were hit by sluggish consumer

confidence due to the weak

economy and bad summer

Seiyu, a supermarket chain

New leads

weather.

by US, European and Asian investors through a public offering. The transaction has been underwritten by a group of US and international investment banks led by Lehman Brothers, Donaldson Lufkin and Jenrette and Goldman

assets ratio by 2.5 percentage

Y4.3bn.

points to 23.5 per cent, taking it nearer its 30 per cent target. OM Group's finances have been strengthened by a simul-

Sachs at \$14 a share. Outokumpu said earlier this year that OM Group was not a core business. The disposal will strengthen its equity-to-

Weak demand affects Japanese retailers

Cost cutting efforts and a

decline in interest payments

on borrowings helped the

company to post a 0.7 per cent

rise in pre-tax profits to Y7.5bn. After-tax profits

fell Y19.5 per cent to

Mr Katsuhiro Fujiseki

president of Seiyu, said a full

recovery in consumer spending

was unlikely before the second

half of the next business year

February, the company expects

pre-tax profits to rise 1.3 per cent to Y13bn on a 2.8 per cent

For the year to next

taneous primary issue of shares, which raised \$17m. The unit, based in Cleveland

is one of the world's leading producers of metal-based speciality chemicals, with manufac turing facilities in the US. Finland and France. Sales in 1992 amounted to \$201m and it has about 300 employees.

third-largest convenience store

operator and a subsidiary of

Seiyu, saw a 4.8 per cent fall in

pre-tax profits to Y8bn.

After-tax profits fell Y3.6 per

Operating profits dropped 5.6 per cent to ¥7.3bm, the first year-on-year decline, while sales at existing stores fell for

the first time by 0.7 per

February the company expects

pre-tax profits to rise 0.6 per

cent to Y17bn on a 4 per

cent rise in sales to

For the full year to

cent to Y3.9bn.

investment made during the late 1980s, writing off some

Y23bn (\$217m) in extraordinary Many Japanese companies poured money into the stock market during the economic "bubble" of the late 1980s

through tokkin, or specified money trusts. However, most companies suffered heavy losses due to the plunge in Japanese share prices in 1990. The move comes amid increasing fears that Tokyo share prices will slip again in

the next few months. Sumitomo Corporation and Mitsubishi Corporation, leading trad-ing houses, recently wrote off investment losses incurred by financial subsidiaries.

Such affiliates were set up as "profit centres", and to act as a banker for other subsidiaries. borrowing from banks and raising money on capital markets, and passing on savings to smaller members of the group.

All of these securities having been sold, this announcement appears as a matter of record only.

Y77.5bn.

Octobar 1993

10,000,000 Shares



ablaT Jabletel

INCORPORATED

Common Stock

3,000,000 Shares

The above shares were offered outside the United States by the undersigned.

Donaldson, Lufkin & Jenrette Securities Corporation

Salomon Brothers International Limited

S.G.Warburg Securities

Cazenove & Co.

Paribas Capital Markets Société Générale

Daiwa Europe Limited

Nomura International PLC N M Rothschild & Sons Limited Smith New Court Securities Limited Swiss Bank Corporation

7,000,000 Shares

The above shares were offered in the United States by the undersigned. Donaldson, Lufkin & Jenrette Salomon Brothers Inc

Bear, Stearns & Co. Inc. **CS First Boston**

Dillon, Read & Co. Inc.

Kidder, Peabody & Co. J.P. Morgan Securities Inc.

Ladenburg, Thalmann & Co. Inc.

Legg Mason Wood Walker

Needham & Company, Inc.

The Seidler Companies

Sutro & Co. Incorporated

L.H. Alton & Company

A.G. Edwards & Sons, Inc. Lazard Frères & Co.

Morgan Stanley & Co.

Hambrecht & Quist **Montgomery Securities** Oppenheimer & Co., Inc.

Alex. Brown & Sons

Paribas Capital Markets Prudential Securities Incorporated PaineWebber Incorporated Wertheim Schroder & Co. Robertson, Stephens & Company

Dean Witter Reynolds Inc. Advest, Inc. Arnhold and S. Bleichroeder, Inc. Baron Capital, Inc. J. C. Bradford & Co.

Gabelli & Company, Inc. Cowen & Company Crowell, Weedon & Co. Doft & Co., Inc. Kemper Securities, Inc. Janney Montgomery Scott Inc. Interstate/Johnson Lane

> C.J. Lawrence/Deutsche Bank Securities McDonald & Company Moran & Associates, Inc.

> Ragen MacKenzie Raymond James & Associates, Inc. Southwest Securities, Inc.

Stephens Inc. Wheat First Butcher & Singer

Gerard Klauer Mattison & Co., Inc.

Brad Peery Inc.

Genesis Merchant Group

Unterberg Harris

Pennsylvania Merchant Group Ltd

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INTERNATIONAL COMPANIES AND FINANCE

BellSouth buys 22.5% of cable television operator

By Richard Tomkins in New York

BELLSOUTH, one of the US regional telephone companies, yesterday secured a foothold in the cable television business by agreeing a \$250m deal that will give it a 22.5 per cent stake in Prime Management, Texasbased operator of the Prime Cable service.

The deal echoes yesterday's much bigger merger between Bell Atlantic and Tele-Communications Inc by allowing Bell-South to expand beyond its telephone and wireless communication operations into cable services and interactive enter-

BellSouth, based in Atlanta, Georgia, has 19m telephone

THE US television home

shopping industry received a

boost when two separate cable

television groups announced ventures involving CUC Inter-

national, which offers home

shopping to some 30m

Americans via the telephone

bidding for Paramount Com-

munications, said it would be

testing a home shopping ser-

vice, in conjunction with CUC

and American Telephone & Telegraph, in the Castro Val-

A RISE in the number of

environmental damage and

asbestos-related claims has

forced Travelers, the US

insurer, to add \$325m to its

property-casualty reserves and

\$211m in its third quarter.

take an after-tax charge of

The addition to reserves and

charge mean Travelers will

record a net loss for the July-

September reporting period

when it releases its results

The company, however, said

Net profit after tax

Market capitalisation

per share

per share

Total shareholders funds

Viacom, the cable company

By Martin Dickers

and computer.

By Patrick Harverson

more than 500,000 customers in US markets including Houston. Chicago and Las Vegas.

In exchange for its stake in Prime, BellSouth will lend the company \$250m, which Prime will put towards a \$450m recapitalisation of Community Cable Television, a Las Vegas-based cable operator in which Prime has a stake. Community Cable, with

more than 203,000 cable con-nections, owns Hospitality Network, which provides interactive television services in 70 000 hotel moms nationwide. BellSouth's financial backing

should enable Prime to accelerate the growth of its cable services, while BellSouth will gain from the opportunities to feed its telephone services through Prime's cable networks in

Boost for home shopping industry

ley, California, where Viacom

and AT&T are due to launch a

full-scale test of interactive

television services next year.

Time Warner, the second largest US cable operator, said

it had agreed with CUC to cre-

ate an interactive home

shopping service in Orlando,

Florida, where Time Warner is

establishing its first commer-

cial interactive-television ser-

vice, the Full Service Network.

mount is competing against a higher but hostile offer from

QVC - one of the largest televi-

sion home shopping networks

show an improvement over the

Primerica Corporation, the

financial services group which

owns a 27 per cent stake in Travelers and which agreed

last month to a full merger

with the insurer, said yester-

day the charge would have no

impact on its third quarter or

Travelers said it has bol-

stered its asbestos and environ-

mental litigation reserves.

which now stand at \$670m. for

three reasons; an increase in

Worms & Cie

A LEADING INTERNATIONAL INVESTMENT HOUSE

WITH INTERESTS IN

INSURANCE - BANKING - INDUSTRY - PROPERTY - TRANSPORT

1993 INTERIM RESULTS (FF million)

MARKET CAPITALISATION (FF million)

At the board meeting held on October 8th, Nicholas Clive Worms, Senior

"In a difficult economic environment, the Group's interim 1993 results

The Group will continue to develop its principal businesses which are

leaders in their own fields; thus WORMS & Cie remains well-placed

to take advantage of the opportunities which will arise when there is

For further enquiries, please call Isabelle de Noailles - Tel: (33-1) 44.13.38.60

have benefited from the conservative measures we took in 1992.

8 October 1993

30 June 1993

362

341 FF

320 FF

11,224

10,528

full-year results.

its operating earnings will the number of industry work-

Travelers hit by asbestos claims

Viacom, whose bid for Para-

new geographical markets. Mr William Reddersen, Bell-South's recently-appointed senior vice president in charge

of broadband strategies, said This is another significant step in preparing BellSouth to capitalise on the emerging opportunities in interactive television, consumer entertain-ment and the convergence of the communications and cable industries."

The deal is not expected to affect BellSouth's reported interest in joining QVC Network in its bid for Paramount

However, it was unclear yesterday whether there would still be a role for BellSouth following Bell Atlantic's involvement in the bid through its takeover of Tele-Communica-

would give customers the same

broad range of products and services CUC offered to mem-bers through telephones and

Time Warner said its service

would offer merchandise from

CUC's database of 250,000

brand-named products and

would allow customers to view

and buy items on demand.

CUC would use its existing

month that it and Spiegel, a

leading specialty fashion

retailer and catalogue com-pany, were joining forces to create two new cable channels.

ers alleging they have been

environmental claims made by

smaller companies; and the naming of Travelers as a defen-

dant in insurance coverage cases brought by other insur-ers against their policyholders and the policyholders' other

Investors took yesterday's announcement in their stride,

and by midday Travelers'

share price was unchanged at

\$38 on the New York Stock

30 June 1992

4 January 1993

397

333 FF

10,457

7,468

227 FF

Time Warner announced last

systems to process orders.

period last year. The announcement reflects a difference in investment strategies between Daiwa and other leading brokers. Last month. Nomura Securities, the largest broker, Nikko Securities and Yamaichi Securities, revised downwards their expectations due to weaker-than-expected stock trading commissions on the Tokyo market.

Japanese

upgrades

forecast

By Emilio Terazono

lower interest rates.

Daiwa raised its expected

pre-tax profit for the first six

months to September to

Y35.3bm (\$338m) from Y30bm,

nearly 20 times the amount

earned in the corresponding

broker

During the six months to September, daily value of turnover on the Tokyo stock exchange was 10 per cent lower than original expectations, and the Nikkei index

bovered around 20,000. Daiwa placed the bulk of its funds into the government bond market, which rallied because of lower interest rates. An increasing number of investors, discouraged by the sluggish stock market, also piled into the market.

Daiwa said commission income was also better than expected.

Sara Lee buys Finnish concern

SARA LEE, the US food and consumer products group, is to to buy Finland's Viking Coffee

Company, Reuter reports. Sara Lee said it expected to finalise the deal, of which no financial details were given,

by the end of this year. Viking Coffee produces roasted coffee in Finland and Sweden. It has annual sales of

U.S. \$200,000,000 Floating Rate Depositary Receipts Due 1997

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Earnings at Weyerhaeuser fall 38% amid depressed conditions

WEYERHAEUSER, the US forest products group, yester-day said its third-quarter earnings had fallen by 38 per cent, as a sharp decline in paper and DAIWA Securities, one of pulp prices offset a strong Japan's big four brokerage houses, yesterday moved against the trend in the performance by its timber

The company, the world's lomestic market and upgraded largest private owner of softwood timber, linked its overall its interim earnings forecast. The firm said that the mproved result would be due performance to depressed conditions in the North American to higher-than-expected band pulp and paper industry. In trading profits in the wake of this segment, profits were \$2.5m, a sharp drop from last

year's \$6<u>1.2m</u>. Prices for most paper and pulp products had fallen about 30 per cent from 1992 levels, company said. In addition, it had curtailed production lev-

By Frank McGurty in New York els at some mills because of soft market conditions. Net income for the 13 weeks to September 26 was \$66.6m, or 32 cents a share, compared with \$107.2m, or 53 cents, in the third quarter of 1992, which was a period of robust growth

to \$2.22bm, from \$2.35bn a year

for the company.

Excluding special factors, however, the decline in earnings was marginal. The 1993 results included a charge of 10 cents a share to

provide for changes in the federal corporate tax rate enacted this summer. Last year's figure, meanwhile, reflected a one-time gain of 8 cents a share following the partial settlement of tax refund dispute.

By contrast, Weyerhaeuser's timberlands and wood products division continued to improve. Operating earnings climbed to \$165.8m, against \$103m last time, as supply shortages lifted prices for logs and lumber. Sales volume for most products also surpassed

year earlier levels. Weyerhaeuser's property and financial services operations earned \$11.2m in the quarter, compared with \$27.3m last time. The decline in part reflects the sale earlier this year of GNA Corp. a mutual fund business.

Although the results were in line with most analysts' expectations, the announcement was followed by a dip in Weyerthe stock was down \$% at \$39.

Non-interest income was also

boosted by continued growth

in First Chicago's credit card

business, where fee revenues

rose to \$186.7m, up from

\$138.6m a year ago, as total managed receivables grew by

Net interest income was

in the bank's history.

23 per cent to \$9.6bn.

Higher taxes hit US paper group

By Karen Zegor in New York

INTERNATIONAL Paper, the US forest products group. posted third-quarter net income of \$48m, or 39 cents a share, including charges of \$28m, or 23 cents, reflecting a higher federal income tax rate. Sales slid to \$3.4bn from the

Stripping out the tax adjustment, net income was \$76m, or 62 cents, in the quarter. In the same period of 1992, International Paper earned \$98m, or 81

Mr John Georges, chairman and chief executive, said depressed pricing levels for paper and packaging products in the US and abroad had dampened the cyclical rebound that the company had been

expecting.
For the first nine months, net earnings were \$189m, c. \$1.53, on sales of \$10.3b. against income of \$282m, or \$2.17, on sales of \$10.2bn last year.

Bankers Trust sets up \$12m oil facility

By Antonia Sharpe

BANKERS Trust has structured and arranged a \$12m facility which provides protection against fluctuations in the price of crude oil for Sonangol UEE, Angola's national oil company.

Sonangoi has already drawn about 10 per cent of the oneyear facility which will finance the installation of a floating production, storage and offloading vessel so that two previously-drilled oil wells can be brought on stream.

Bankers Trust has provided a hedge for about 2m barrels of crude oil. Mr Ted Giletti, managing director of Energy Mer-chant Bank, part of Bankers Trust, said the hedging mechanism was necessary because of the size of the facility relative to the projected oil flow rate.

Record profit at First Chicago

disposal programme over, First Chicago attributed its latest

improvement to strong contri-

By Patrick Harverson in New York

FIRST Chicago reported a record profit of \$284m for the third quarter yesterday as the company rebounded strongly from the \$372m loss incurred in the same period last year. The mid-western banking group, the 13th-largest in the US, fell deep into the red in 1992 after it took a 3625m special provision to cover credit s related to the disposal of

problem property assets.
With the bulk of the asset

butious from all its main business lines, particularly proprietary trading and venture The bank reported earnings of \$117m from its venture capi-tal business, from virtually nothing in the same quarter a

Earnings from the trading of primarily interest rate options, swaps and foreign exchange totalled \$77m, the second best quarterly trading performance

Cash call from Austrian rail unit

\$341m in the quarter, up from 294m in the same period of 1992 as the bank's loan assets shrank 10 per cent to \$21.6bn. The bank's shares rose \$% to \$50% on the New York Stock Exchange in early trading.

trian Industries (AI), is not takdend for 1998, which the company has agreed to raise to 32 ing up its rights and is selling VOEST Alpine Risenbahn-248,000 of its existing shares to per cent from 18 per cent. reduce its stake from 51 per

systeme (VAE), the partially privatised Austrian maker of points (switches) and other specialised railway equipment, is raising about Sch300m (\$27m) in a one-for-six rights

The funds would be used to help finance the group's expansion plans at factories in the US, Canada and probably China. Its capital budget for this year is Sch190m and for

the 1994-96 period Sch540m. The group's controlling shareholder, the state industrial holding company Aus-

cent to a blocking 26 per cent. VAE, which has been expanding rapidly in world markets for high-speed and heavy-duty railway installations, was floated last November on the Vienna Börse when

ing at Sch915 a share. The price of the rights shares will be fixed on November 18 and the group said it would be "close to the market price", which was Schl.495 yesterday. The new Sch100 nominal shares will qualify for the divi-

Al sold 49 per cent of its hold-

The rights issue is being underwritten and the placement managed by Bank Austria Investment Bank and

S.G. Warburg. VAE said it expected its net income to rise 6.3 per cent to Sch94m this year. Austria Mikro-Systeme (AMS), a specialised semicon-

ductor maker which was floated off from Austrian Industries earlier this year, reported pre-tax profit of Sch20m in the first half, 43 per cent higher than in the same

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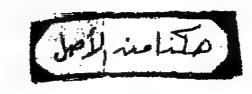
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BENCHMARK GOVERNMENT BONDS

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Bankers Trus sets up \$12m oil facility S. Antonia Sharpe e Pakits the than

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Harverson in New York UK GILTS surprised many with their resilience in the face of a higher-than-expected September RPI figure. Longerdated bonds dipped after the release but recovered to end only slightly lower. The long gilt contract slipped by % to

in London and Patrick

close at 114%.
"I expected a bigger sell-off after these numbers," said one senior trader. Gilts were supported by heavy futures buying when the contract dipped

GOVERNMENT BONDS

below 114, he said. However, he warned that the market is vulnerable to further setbacks in coming days.

Offsetting the inflation numbers and boosting the short end were weak manufacturing output data, which fuelled hopes for a rate cut and spurred domestic buying of maturities up to five years. However, many retail inves-

tors stayed on the sidelines ahead of today's economic releases, which include Sep-tember jobs data, August aver-

FT FUCEU INTEREST INDICES Oct 13 Oct 12 Oct 11 Oct 6 Oct 7 ago High " Low" 102,81 102,84 102,55 102,88 102,44 90,15 102,86 93,28 124,27 124,42 124,38 124,21 124,11 104,73 125,20 108,67 27 124.42 124.50 1276.7 Il Securities 16/10/29; Flood Interest 1928, Il Securities 16/10/29; Flood Interest 1927.60 (9/1/35), low 49,18 (3/1/75) into complication: 125.20 (1/8/85), low 50.08 (3/1/75) DELT EDGED ACTIVITY Oct 12 Oct 11 Oct 8 90.0 86.3 107,1 89.3

Gilts show resilience to inflation data

age earnings and manufactur-ing unit labour costs.

■ GERMAN government bonds wiped out early gains in late trading and the December bund future closed at 99.98, down 0.04 points from Tuesday and off its 100.15 intra-day high. The unchanged 6.70 per cent rate on the Bundesbank's 14-day securities repurchase agreements disappointed some traders, who had hoped it would edge slightly lower.

Bund futures were further pressured by late profit-taking and by banks hedging their positions in the new government bunds. The government issued DM4.11bn of 6 per cent bunds at 100.71 and above.

"People were so bullish they bid for the paper at the top of the market, but they couldn't

200

10bn

500

1 bn

1.50

8.375

6.00

0.50 4.375 4.25

place it so they had to hedge," said one London trader. The bonds ended at 100.63 bld, yielding 5.91 per cent.

FRENCH bonds outperformed bunds, with the notional bond future hitting a record high at 124.44 and closing at 124.32, up 0.14 points. Boosting bonds but under-

mining the currency was talk

that the Bank of France may

cut its repo rate at today's open-market operation. ■ BELGIAN bonds also ended the day higher, in spite of the Belgian franc's weakness. which prompted intervention by the central bank.

The yield premium of Belgian bonds over bunds nar-rowed to 131 basis points, from

Boitower US DOLLARS

YEN ABB international Finance

GUILDERS Rebobenk Nederland

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CANADA '		7.500	12/03	105.3000	+0.050	6.77	8.92	6.7
DENMARK		8.000	05/03	110,8000	+0.050	6.45	6.57	6.9
FRANCE	BTAN	5.750 8.750	11/96 10/03	100.9245 105.8990	+0.304	5.83 5.95	5.55 5.99	5.6 6.1
GERMANY	,	6.500	07/03	104,0050	-	5.94	5.89	6.1
ITALY		10,000	08/03	107,9800	+0.500	8.961	9,11	9.4
JAPAN	No 119 No 157	4.800 4.500	06/99 06/03	107.9067 105,1428	-0.003 -0.036	3.16 3.78	3-22 3.87	3.5
NETHERL	WDS	7,000	02/03	107,8400	+0.140	5.68	5.89	6.0
BPAIN		10,900	08/03	113.5600	+0.800	6.77	8.87	9.0
IK QILTB		7,250 8,000 9,000	03/98 86/03 10/08	103-30 108-09 116-28	+1/112 -2/32 -7/32	6.22 6.81 7.15	6.26 6.82 7.15	6.2 6.7 7.1
US TREAS	URY "	5.750 8.250	08/03 08/23	103-22 104-22	-13/32 -11/32	5.26 5.91	5,33 8.00	5.2 5.8
2011 (Comp.	ch Govti	8.000	04/03	110,7300	+0.380	6.46	6.62	6.5

■ US TREASURIES were mixed in light trading yester-day morning as traders and investors kept their eye on the chairman of the Federal Reserve's testimony to Congress on plans to reform the central bank.

By midday, the benchmark 30-year government bond was up & at 104%, yielding 5.904 per cent. At the short end, the twoyear note was down & at 100%, to yield 3.808 per cent.

NEW INTERNATIONAL BOND ISSUES

Oct.2005 0.50R

100R

100

99.98F

98.97R

Rising gold prices had contributed to Tuesday's late declines, but yesterday morning there was evidence of further gains in precious metals, which allowed longer-dated securities to open modestly

Trading was generally lacklustre, with participants unwilling to get too involved ahead of the September inflation data, due out today and tomorrow.

Merrifi Lynch Inti.

Nikko Benk (Deutsch.)

Nomura Benk (Switz.) Credit Guinga Swiss Benk Corp.

moves to widen its appeal

Belfox in

By Andrew Hill in Brussels

BELFOX, the Belgian futures and options exchange, is preparing for wide-ranging changes which it hopes will broaden the market's appeal. Formal adoption of the new

regulations is expected next month, according to the exchange, which was launched

two years ago.
"The aim is to be as attractive as possible and have more participants on our market," said Mr Willi Van Stappen, a Belfox manager, yesterday. Belfox was hampered in its

first year of trading by lack of size and by persistent technical problems. However, it is now gradually introducing new products, including an option on the Bel-20 index of leading Belgian shares, and more options on individual

Its latest annual report said that Beliox aimed to become "a fully-fledged derivatives market" by the end of the year.

The changes should belp bring Belfox into line with other European derivatives

At the moment, for example, only Relgian and Luxembourg brokers and credit institutions are eligible to be brokers or market-makers on Belfox. Fol-lowing adoption of the new rules, foreign banks and brokers will be able to participate in the market, without having to become clearing members of Belfor.

The new regulations will also widen the definition of futures and options to allow new products - for example, commodities futures - to be traded. The system of fixed commission levels will be dropped, allowing clients, members and intermediaries

to negotiate fees. Trading has picked up since last year, when a "gentlemen's agreement" between 15 institutions had to be put in place to encourage trade in Belgian government bond futures. That agreement ended earlier this year, but trade in the bond futures has been belped by the continued turmoil in European currency markets.

Portugal plans broad changes to withholding tax

By Conner Middelmann

PORTUGAL is planning changes to its withholding tax, which has long discouraged foreign investment in its bond market.

It hopes to introduce a system under which non-residents are refunded within one day, effectively scrapping the withholding tax on foreigners. Investors based in tax havens such as Luxembourg or the Cayman Islands are likely to

be excluded. The system is expected to take effect in January. Portugal levies a 20 per cent withholding tax on govern-ment bonds. While there are a number of double-taxation treaties for non-residents, the cumbersome and timeconsuming reclaim procedure

has led to an interest rate pre-

mium on Portuguese bonds

over other markets. The reforms will apply to all non-residents, including investors in the US and Japan which have no double-taxation

treaties with Portugal, "This is part of the process of opening up of our capital markets to foreign investors and of bringing conditions in line with international capital markets generally," said Mr Jose Braz, secretary of state for the Treasury.

The plans are contained in the 1994 budget, which goes

before the cabinet today. If agreed, it will be presented to parliament tomorrow. The effective abolition of the

withholding tax for non-resi-

25 per cent and 30 per cent. Compared with other Euro pean bond markets, Portugal's is relatively small. The five year sector has some Es217bn of bonds outstanding, the sev-en-year sector some Es129bn and the 10-year some Es78bn.

dents "will remove one of the

major deterrents to investment

in Portuguese bonds", said Mr

Andrew Roberts, of UBS.
Long-dated Portuguese

bonds jumped about 11/2 points

on heavy foreign buying in

anticipation of the announce-

ment. The 10% per cent 10-year

benchmark yielded 9.22 per

cent late yesterday, down from 9.45 per cent on Tuesday.

Portugal's bond market has

undergone sweeping reforms

over the past year in an effort to boost liquidity and attract

foreign buyers. It is estimated

that foreigners own some 5 per cent of the market, but the

Treasury is said to want to

increase this share to between

The Treasury recently shifted most of its issuance to long-dated paper, which is sold at regular auctions. Nevertheless, fundamental factors favour Portugal, with its stable political situation easing inflation and declining debt-to-GDP ratio. According to OECD forecasts, that ratio is

this year from 5.1 per cent in With the exception of South Africa, Portuguese long bonds offer the highest nominal yields, which makes them attractive to investors, Mr Roberts pointed out.

expected to drop to 4.3 per cent

Canada Trust and Coldwell unit merge property sides

CANADA TRUST, Canada's biggest trust company which is almost fully owned by imasco, has merged its property brokerage business with Coldwell Banker of Canada. part of the Coldwell Banker group of the US.

The deal creates the third largest property brokerage in Canada, with annual gross vol-

ume of C\$5bn (US\$3.76bn). It will employ 5,000 people in 300 offices across Canada

The brokerage will be 60 per cent-owned by CT Financial Services, the financial services arm of Imasco, the tobacco products, fast-food and retailing group which is 40 per cent owned by BAT Industries of the UK. The Coldwell Banker group will own 40 per cent of the merged firm.

7.52 8.06 8.18

9.06 10.45 10.51

7.7% 8.05 8.17

Ecu sector gets a boost from the EC

By Antonia Sharpe

THE EUROPEAN Community threw its weight behind the Ecu bond market yesterday with the launch of its widelyexpected Eculbn offering of

seven-year Eurobonds. Mr Paul Goldschmidt, director at the EC's credit and investment division, said the

INTERNATIONAL BONDS

issue underlined the German constitutional court's ruling in favour of the Maastricht treaty. on European union. "The EC is making a political statement with this offering," he said.

The other aim was to attract institutional investors who had avoided the Ecu market after Denmark's rejection of the Massiricht treaty in June 1992.

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generously priced to yield 12 basis points less than the French government's 9% per cent Ecu-denominated OAT due 2000. Once freed to trade they rose from a fixed re-offer price of 98.97 to 99.05, to yield 14 basis points below the OAT. The EC plans to raise an equivalent amount in D-Marks in the Eurobond market before

the end of the month. The

Ecu2bn raised through both

sues will make up the second

tranche of the EC's Ecu8bn lending programme to Italy. Turkey is expected to go ahead with its 2100m offering of 10-year Eurobonds today, even though Moody's, the US credit rating agency, has placed its long-term rating under review for possible downgrading. The bonds, via S.G. Warburg, are likely to be priced to yield 230 basis points

DWISS FRANCS Ibiden Co.(d)+e City of Vienna(e)* over UK government bonds.

Before the Moody's announce-

ment, the market had expected

opean Economic Community

basis points. Household Mortgage Corporation (HMC), the centralised mortgage lender, is also expected to raise £100m through an offering of mortgage-backed notes via CSFB. There will

only be one tranche and the intertank offered rate and the notes are likely to have an average life of five years. The yield on HMC's notes is

100 Oct.1997 102.50 Dec.2003 102.05 Nov.1997

the apread to be close to 200 expected to be well below the yield on NatWest's Class A2 mortgage-backed notes issued at the end of September. At launch, NatWest's notes yielded 40 basis points over three-month sterling London

notes to be in the low 30s. CSFB is also arranging a \$100m seven-year Eurobond issue with a put option after five years for Trinidad & Tobago. The offering is expec-

spread has since tightened to 37% basis points. The market

expects the spread on HMC's

ted tomorrow or Monday. MARKET STATISTICS

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vehicles

Sidney

By Paul Taylor

to August 31.

(£41.3m).

boost Chas

STRONG GROWTH in

commercial vehicle sales

helped Charles Sidney, the

Yorkshire-based Mercedes-Benz commercial vehicle and

passenger car dealer show a

near 40 per cent increase in

operating profits for the year

Charles Sidney, part of Albert Fisher, the food pro-

cessing and distribution

group, is coming to the market

via a placing with institu-tional investors and public

The pathfinder prospectus

for the proposed flotation was issued yesterday and revealed

full year operating profits of

£2.44m, up from £1.76m

the previous year, on turnover 35 per cent higher at £55.8m

The group, which ranks as the largest Mercedes-Benz commercial dealer in the UK

and the sixth largest car

dealer, reported pre-tax profits

Commercial vehicles, which

have underpinned the group's

performance in recent years, contributed £1.75m (£1.25m) of

last year's operating profits and £35.1m (£21.7m) of total turnover with sales of new

vehicles jumping from 648 to

The strong performance of

the commercial vehicles seg-

ment offset the weakness of

new car sales which reflected

the delayed recovery of the

luxury car sector and custom-

ers waiting for Mercedes' new

models which were launched

Mr Raymond Edwards,

Albert Fisher's director

responsible for the European

food processing division including Charles Sidney, who

will leave the group to become

Charles Sidney's executive chairman, said sales of luxury

cars have begun to pick up

The final prospectus, together with details of the

offer, is due to be published on

October 27 and dealings in the

new shares are expected to begin on November 10.

since the end of August.

at the start of October.

of £2.46m (£1.7m).

offer early next mouth.

Forte to float airport services side next year

By Michael Skapinker, Leisure Industries Correspondent

FORTE, the hotel and restaurant group, said yesterday that it intended to float its airport services division on the Stock Exchange early next year.

Forte had signalled the move

last year when it failed to sell the business, along with its Gardner Merchant contract catering division, to the Compass group. Gardner Merchant was sold to its management and a venture capital consortium at the end of last year.

Some analysts had expected the division's flotation to take place in a few years' time. The market, however, quickly digested the news of a quicker flotation and Forte's shares closed down 5p at 2221/sp.

The group said the exact timing of the flotation would depend on stock market conditions next year. The division is expected to be valued at Rocco Forte, chairman, said he would be happy with a price shove £210m and would not want the division to be valued at anything below that.

Forte will retain a 25 per stake which Mr Forte

The division, which employs 6.000 people worldwide, has two sectors: flight catering and airport retailing.

described as a medium-term

The catering arm provides 45m in-flight meals a year to 150 airlines. The airport retailing arm is the largest in the The division made trading

profits of £17m on turnover of £404m in the year to January 31 1993. In the first half of the current year, trading profits were £12m on turnover of

Mr Bruce Jones, an analysi with Smith New Court, said that although the planned flotation had been announced between £200m and £250m. Mr some time ago, he still ques-

tioned its wisdom. The airline meals business fitted in well with Forte's other catering activities, which include the Welcome Break, Happy Eater and Little Chef roadside restaurant chains.

Mr Forte said, however, that the provision of in-flight meals was more of a manufacturing than a catering business.

Analysts said the sale would reduce pressure on Forte to accept a low bid for its Harvester restaurant chain, which is up for sale. They said the flotation would also reduce the likelihood of a rights issue. Mr Forte said he did not believe the group needed a rights issue and none was planned.

He said some of the flotation proceeds would be used to reduce debt, which stood at £1.3bn at the end of July.

The remainder would be used to expand the remaining hotel and restaurant businesses. Mr Forte said no large acquisition was in prospect.

Allders pathfinder indicates strong advance to £23m

By Meggie Urry

OPERATING PROFITS at Allders, the department store and duty-free retailer, are estimated to have reached £23m in the year to September 30.

That compares with the £15.3m before exceptional items achieved last time.

However, the latest financial year covered 53 weeks and excluding the extra period the profit would have been 221.4m. The figure was revealed in the pathfinder prospectus for the group's flotation next month.

The prospectus says there are signs of recovery in the UK market, while the duty free side was exceeding expectations apart from the San Francisco store. Allders is suing the city and county of San Francisco over the poor performance of the outlet there.

The document says the group's trading prospects are "significantly better than at any time since the buy-out". The group was formed by a management buy-out from

The float is expected to value

for the company through a placing and public offer.

Existing shareholders have yet to decide if they will sell shares in the issue. Hanson holds 5 per cent of the equity. with 94 per cent held by institutions who backed the mbo, and supported a £10m rights issue in 1991.

Management holds 1 per cent at present. Share options will be granted which could give 130 managers about 5 per cent of the enlarged share capital, depending on the price at which the shares are floated. Within that Mr Harvey Lipsith, chief executive, will hold less than 1 per cent of the total, and the options cannot be exercised for a year.

Mr Lipsith said Allders was a "well established and resilient business" which, despite heavy debts from its mbo, had invested 255m in the business in the last four years and repaid £30m of debt.

He said the group's two activities were each large operators in fragmented sectors. Sales from the department the company at close to £200m, stores in the year just ended

estimated £286m, and operating profits were up 20 per cent

Mr Lipsith said growth would come from geographic expansion, especially the development of the six-strong chain of "at Home with Allders" household stores, which could reach 50 in 10 years, and from economic recovery.

The duty-free retail business had 4 per cent of the £10bn worldwide market, and operated on four continents. Sales were estimated at £399m, up 21 per cent, in the latest year, with profits nearly doubled at £13m (£6.7m) - partly a bounce back from the Gulf war. The 1993 figures will bear

exceptional costs of £14m. including a £10.5m write-down of property values and the £3m cost of gaining a listing. How-ever, exceptional credits will have totalled £5.1m.

Pricing will be announced on October 27 and dealings are due to start on November 10. The sponsor to the issue is J Henry Schroder Wagg and the James Capel. See Observer

Starmin facing legal battle

STARMIN, the troubled quarry products group now chaired by Lord Parkinson, the former Cabinet minister, was yesterday facing a legal battle with a former director who resigned a month before the company said pre-tax losses were millions of pounds deeper than

previously published. Mr Osman Abdullah, who controlled the company from 1989 with his brother Raschid, is believed to be suing the company over the termination of his service contract following his resignation in July. Mr Raschid Abdullah, who in July, was last month reappointed as a non-executive director and speaks for about 30 per cent of the equity. He declined to say whether he now planned to take action against the company and said that his brother was on holi-

The resignations by the brothers, who first gained a public profile for their work at the Evered aggregates com-pany, coincided with Starmin's announcement of a review of accounting procedures which led to the company rescinding its dividend and announcing 1992 pre-tax losses had been

understated by £3.8m, deepening them to £11.9m. The review of accounting policies focused on profits booked on asset swaps. Starmin said at the time that there

was no suggestion of fraud. No one at Starmin was prepared to comment. However, note 29 of the company's 1992 Report and Accounts flags the possibility of claims and the board's intention to resist them: "The company will strenuously resist any such claims and the board considers that adequate provision has been made in the accounts at 31 December 1992 for any such liability," the note says.

BRITISH COAL CORPORATION

Licensing of **Closed Collieries**

the working of coal and the use of associated facilities at the colliery named below. Specific proposals for non-mining uses will ., also be given due consideration.

The colliery for which offers are invited is Markham, near Chesterfield, Derbyshire. Expressions of interest must be received by November 5, 1993 either in

British Coal Corporation Licensing of Closed Collieries,

Eastwood Hall, Eastwood, Notts

NG16 3ER. Fex No: 9773 532709 or by telephone on the following number:

0773 532710

and subsequently confirmed in writing. British Coal reserves the right not to consider expressions of interest received

after November 5, 1993. Parties who have

Pack containing outline information on the colliery, an application form, a letter of undertaking and the terms of a £10,000 security deposit/bond, together with details of the licensing process and timetable. Detailed information and draft tender

be provided with a Preliminary Information

documentation will subsequently be provided to any party which satisfies the requirements specified in the Preliminary Information Pack. which include entering into the letter of undertaking and the provision of the security deposit/bond.

The receipt of an offer will not create any obligation or commitment on the part of British Coal to enter into any negotiations or to grant a licence.

Enquiries about the procedures set out in this advertisement should be made in writing to the above address or by telephone on the number listed opposite



Commercial | Analysts welcome disposal of US recycling business Attwoods moves back to basics

By Richard Gourlay

ATTWOODS' sale of its lossmaking Mindis recycling business in the US was widely welcomed yesterday as the necessary, if painful, removal of a

nasty thorn.
Mindis has proved, with hindsight, an extremely costly foray into recycling – a busi-ness driven more by politicians than economics and, consequently, one that has struggled to take off. It was also a business exposed to wild swings recently downwards - in base metal prices.

However, the announcement of the \$40m (£26m) sale and the £91m provision to cover the resulting loss was accompanied by a set of results for the year to end-July from which it was difficult to isolate the per-formance of the ongoing busi-

The headline figures were preliminary pre-tax loss of £62.2m compared with a profit of £25.1m, on sales up 20 per cent at £410m, and losses per share of 25.25p (earnings

Looking forward, Attwoods focused on pro-forma profits on continuing business, excluding

ure rose from £27.2m to £33.1m. On this basis earnings per share rose from 7.98p to

However, the picture is more complicated. Attwoods profits included a £5.4m exceptional profit from a well timed D-Mark currency hedge which will continue to generate cash on a monthly basis while the D-Mark remains at current levels. There was also a receipt of £2.9m from an insurance

affected by changes in the accounting rules that reclassify preference shares as debt for presentation purposes, even though Attwoods' banks consider them to be equity instru-Interest on these shares now

appears above the line. But the main change to interest is a £2.4m increase as a result of translation of interest on foreign denominated debt. There is also a £2.01m provision covering a US litigation, which under the FRS 8 stan-

dard now appears above the line as an exceptional item. Regarding the £91m provision, only £61.2m hits the balsheet. The balance of 230m is goodwill on acquisition

The interest line was also

Ken Foreman: "Mindis has taken a lot of our time"

of Mindis which must be written back to the profit and loss account on disposal. Mr Ken Foreman, chairman, welcomed the opportunity for Attwoods to get back to its

mainstream business of man-

aging waste contracts. "Mindis

has taken a lot of our time," he said. "The sale will allow us to focus on the growth areas and getting better returns from the existing business." However, the market may need some time to digest Attwoods' figures and the implications of the replacement of Mr Donald Jackson at

the head of Laidlaw, the Canadian company that controls 38 per cent of Attwoods. Analysts yesterday wel-comed the removal of the unpredictable Mindis business and a return to the comparative certainty of long ferm

waste collection contracts. A strong start to the year in the UK and the US is only partly offset by the poor performance in Germany, where nevertheless, Mr Foreman says the group is still making higher

margins than in the UR. Analysts said that Attwoods could therefore make pre-tax profits of about £36.3m this year, including profits from the foreign exchange bedge, giving earnings of 9.2p.

Finding new contracts outside the US, the UK and Europe is not, however, going to happen overnight so growth from new markets may be some time off.

Gloucester Steam plans to raise £0.4m

ONE OF Britain's leading steam railways has launched a rights issue to finance the reopening of a former British Rail service.

Gloucester and Warwickshire Steam Rail, the privatelyowned railway company, aims to raise £400,000 from the issue, which is targeted mainly at enthusiasts.

The shares, priced at £1 each, will not be available in blocks of less than £20. The proceeds will be used to fund the first stage of a 21m scheme to reopen the 23-mile Honeybourne Line between Stratford-upon-Avon and Chelten-

ham.
The line, originally built by

was closed 14 years ago because of falling passenger numbers.

If the project is successful. the company expects the line -part of which it already operates between Toddington and Gretton in Gloucestershire - to attract tourists and possibly commuters on the cross-coun-

try route.

Mr David Mee, commercial manager, said: "Once we have extended it south into Cheltenham we hope the extra revenue from the line will finance the route north through Broadway into Stratford.

We will eventually have 23 miles of track and one of the longest private railway lines in Britain."

Acquisitions behind 49% rise at Seton Healthcare

By Andrew Bolge

ACQUISITIONS helped Seton Healthcare, the medical products and sports equipment group, increase pre-tax profits by 49 per cent to £3.18m.

in the six months to August 31.

The Oldham-based group, which came to the market in 1990, increased sales by 25 per cent to 222.2m. Underlying sales growth of UK healthcare products was 9 per cent, but the group said this was partly depressed by a policy of ending discounts and the second half was likely to show double-digit growth.

Mr Ian Cater, chief executive, said: "Septem-

ber was the best month we've ever had." The healthcare division lifted sales by 30 per cent to £19.7m, mainly because of acquisitions. Including these, sales to the UK pharmacy and community sector advanced by 64 per cent, compared with increases of 5 per cent to UK hospi-

tals and 7 per cent in exports. Operating profits rose from \$2.14m to £2.87m. The group made considerable progress in the integration of Cupal, the Blackburn-based manufacturer of over-the-counter medicines, acquired last December for £8.2m. The work-force had been reduced from 150 to 85 and the sales forces had been merged to provide a team of 23, calling regularly on more than 7,000 independent retail pharmacies and multiple chains. Mr Cater said Cupanol, the paracetamol-based children's medicine for pain and fever relief, was selling well and would be heavily promoted in the autumn. The group was also

YORKSHIRE

BUILDING SOCIETY

Issue of up to £150,000,000

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(of which £10,00,000 was issued on 10th lab! 1990 as the initial Tranche! In occordance with the terms and conditions of the Notes, notice is bereby given that for the three moath interest period from (and including) 13th January 1994 the Notes will carry a rate of interest of 5,975 per cent, per annum. The relevant interest payment date will be 13th January 1994. The coupon amount per £50,000,000 Note will be £753.01 payable against surrender of Coupon No; 14.

Hambros Bank Limited
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devaloping new wound and bandaging products. The sports and leisure division saw flat sales of 22.55m, and operating profits slightly up at £348,000. Although conditions on the high street were difficult, the group said it had recently launched a sports care range and would benefit from any improvement in trading.

Gearing at the half-year was down from 80 to 21 per cent, following a £13.1m rights issue in November. Mr Cater said the group wanted to continue growing by acquisition in its core

Earnings per share rose by 22 per cent to 7.2p (5.9p). The interim dividend is 1.9p (1.7p).

Seton quoted Mrs Virginia Bottomley, the health secretary, to the effect that "self-medication is an idea whose time has come". With the wind blowing so strongly from that quarter. Seton's focus on OTC medicines seems timely, and the group has built an impressive position in a market which is forecast to increase by 50 per cent by 2000. The group has grown its previous acquisitions well and the integration of Cupal suggests it also enjoying benefits of scale on manufacturing and distribution. Forecast full-year profits of just over £8m put the shares, up 9p yesterday to 310p, on a prospective multiple of 17. That premium rating is justified by the group's impressive track record since flotation at 130p per share, although any further advance will be limited by its need to fund significant acquisitions with more paper.

WSP to merge with **AB** Consulting

WSP HOLDINGS and AB Consulting, two consulting engineering companies, are to merge to form an enlarged group worth about £9.8m.

The renamed WSP Group will have a combined turnover of more than £20m. Mr Malcolm Paul, finance director on the new board, said that some 80 per cent of its business would come from buildings-oriented consulting and the balance from science and environmental services, the non-buildings side which the combined group would be keen to

The merger is to be effected through the recommended offer by WSP for all the issued share capital of ABC, on the basis of six new WSP shares for every five ABC shares. This values ABC at about £5.3m.

The WSP board, advised by Rea Brothers, is unanimously recommending its shareholders to approve the merger and the abu doard, advised by Albert E Sharp, unanimously recom-

irrevocably undertaken to do so in respect of their own shareholdings. In ABC's case this represents about 11.2 per cent of the equity.

Mr Paul said that the combined group would be in "the

top one or two consulting engi-neers in building structures", but that it would not be big on the civil engineering side. However, the new board "envisaged moves" in that He said WSP felt the indus-

try was "right at the bottom of the recession" and the merger "was sensible in view of the current market place". The merger would result in a substantial and immediate

reduction in overheads. No technical or engineering jobs would be lost, but between 10 and 15 administrative posts would go. Duplicated offices would be closed and the group's buying powers would

In 1992 WSP made pre-tax profits of £560,000 on turnover of 210m. For the year to April 30, ABC reported pre-tax losses mends acceptance. Both have of £1.15m on turnover of £11m.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total lest year
eriorth SplitInt	2大	Dec 3	2	-	8.4
glo-EasternInt	0.6	Nov 19	0.375	-	1.375
mi	3.25	Feb 1	3.25	5	5
rwn (PC)rrt	2.25	Jam 6	1.95	•	7
ynJnt	0.5	Nov 28	0.5	-	1.67
nattron intiint	0.5	Dec 20	0.4	-	1.4
on Healthcareint	1.9†	Jan 31	1.7	-	5.8

Dividends shown pence per share net except where otherwise stated, †On increased capital. AFirst interim.

PUBLIC WORKS LOAN BOARD RATES

Effective October 12

Quota loans Over 1 up to 2 Over 2 up to 3 Over 3 up to 4 Over 6 up to 7 Over 7 up to 8 Over 8 up to 9 Over 9 up to 10 Over 10 up to 15. Over 15 up to 25.

EAST RAND PROPRIETARY MINES LIMITED (Registration number 01/0077/3/06) (Incorporated in the Republic of South Africa) ("ERPM" or "the Company")

CAUTIONARY ANNOUNCEMENT

As stated in the June and September 1993 quarterly reports, negotia-tions on the company's finance plan are in progress. These negotiations, ranging from a possible rights offer to a continuation of financial support, have reached an advanced stage In the event of the company proceeding with a rights offer the authorised ordinary share capual will need to be increased. Accordingly, a notice convening a general meeting of shareholders for, inter alia, this purpose will be issued on Monday. 18 October 1993

Shareholders are therefore advised to exercise caution in dealing in the shares of the company A further announcement will be made as soon as possible to notify

shareholders of any resolution reached in respect of the abo negotiations

The Top Opportunities Section for Senior

Management appointments For advertising information, please call:

> Clare Peasnell on 071 873 4027 **Philip Wrigley on 071 873 3351**

ALDERS

Flotation Registration Helpline

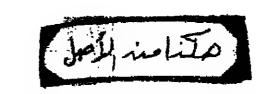
FREEPHONE 0500 500 456

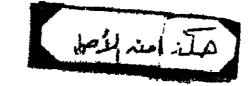
Allders is one of the UK's leading department store retailers. It is also the largest duty and tax free retailer in the UK and the second-largest worldwide. To register your interest in the flotation and to obtain a prospectus, please call our free helpline.

This advertisement, which is issued by Allders Limited, has been approved by J.Henry Schroder Wagg & Co. Limited (a member of The Securities and Futures Ass Limited) for the purposes of section \$7 of the Financial Services Act 1986.

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AY OCTOBER 14 1993

An evolutionary step into new frontiers

COMPANY NEWS: UK

Christopher Price on the latest batch of warrants aimed at attracting a new breed of investor

HE LAUNCH of two warrants in the past week aimed at the UK equity market mark an inventive step by stockbrokers to encourage investors into areas in which they might otherwise be reluctant to tread.

SG Warburg yesterday issued a multi-media warrant, which gives holders the option to buy the underlying media shares at a future date, aimed at investors wanting exposure to the new frontiers of technol-

ogy. Last week, BZW launched a warrant on a basket of food retail shares. It is also looking at several other underperforming areas of the UK equity market for similar launches, which could include sectors such as pharmaceuticals and food manufacturing.

However, the rarity of sector warrants and other similar derivative products in UK equities is testimony to the cool reception afforded by investors

Derivatives specialists and fund managers will be watching the progress of this latest product closely. The BZW warrant acts as a "call" option, which attempts

to anticipate a rise in the share

prices on a basket of food retail

stocks. Investors buy the war-

rant at a price struck by the They can exercise their

BZW FOOD SECTOR WARRANTS* J Salnsbury Argyll Anda 5.5

"approx weightings of stock option to buy the underlying shares from the issuer at the price on the day of the warrant's purchase. This can be done at any time over the

period of the warrant. Each of the warrants cost £2.30 on the October 4 launch day for shares worth £18.80 in the seven leading supermarket groups, which are weighted by market capitalisation. The warrants, which had an

underlying stock value at issue of about £100m, are exerciseable over the next 18

Should the basket price rise 20 per cent, for example, over the full life of the warrant, it would reach £22.56. The £3.76 rise in the value of the shares would equal the approximate cost of the warrant at expiry. This sum less the £2.30 original cost would give a profit on the warrant of some 63 per cent. Investors are likely to hold the warrant for a highly geared

WARBURG'S EUROPEAN MULTI-MEDIA SECTOR WARRANTS*

Thom EMI (UK) Pearson (UK) Générale des Eaux (Fr) Polygram (Neth) TF1 (Fr) VNU (Neth) dopror weightings of stock

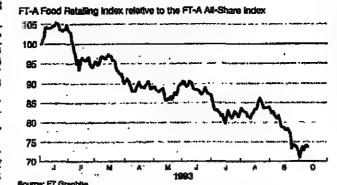
return, with the option to buy into the underlying stocks if the outlook for the sector holds

Investors can also trade the warrant, the market being made by the issuer with the price moving relative to the underlying stock prices. Yesterday, for example, the food retail warrant had a mid-price of £2.37 with a basket price of £18.82.

For the issuer, profiting from the exercise will require effec-tive "dynamic" hedging. Although neither BZW or SG Warburg discuss their risk management techniques, typically a warrant issuer will carry some 60 per cent of the underlying stock - the hedge ratio - of the number of warrants issued.

The broker will also make continuous use of the options market as part of its hedging operations on the underlying

Food retailers underperform the market



Getting the hedge ratios right will determine the success of the warrant. The higher the sector rises, the bigger the increase in the ratio to com-pensate. Problems can arise with a sudden and significant movement in the sector which would leave the issuer exposed to taking a hit on the underlying stock. A warrant issued on the water stocks prior to the general election last year was upset by a one-day surge of 20 per cent in the sector, leaving the US issuer exposed and

some investors out of profit, Mr Lenny Barshak, director of derivatives at Smith New Court, says that market volatility is the biggest threat to a important is institutional investor wariness in using derivatives. "If the demand from customers is there, we are always ready to create the product to suit their needs," he says. "But in general, the response to new product launches in the UK market has

been patchy."
Mr Gary Wolens, managing director European equity sales at Salamon Brothers, agrees. "Although there is a steady acceptance in the willingness to use derivatives in the UK, It will be an evolutionary not revolutionary development."

Derivatives brokers complain that part of the reason for this is the conservative investment culture among UK institutions.

Fund managers argue that restrictive regulations together with the pricing of some products has proved discouraging.

Mr Jim McAfferty, a former fund manager at NatWest Investment Bank, and now at Hoare Govett, says: "The standard view among institutions is that it is difficult to get approval from trustees for the extra risk of taking out warrants or options."

BZW hopes to get round investor reluctance through more aggressive marketing and keener pricing. "There's no point is issuing a warrant that will not sell," says Mr David Roden, the broker's head of derivatives. "We place a high premium on our corporate relationships, so selling them a good product at a reasonable price is very important."

Mr Roden says that the new warrant "offers a different risk profile" for investors who are interested in exposure to the recovery potential of a sector without the full financial commitment. The launch was designed to coincide with BZW's research team turning more positive on the food retail sector, which has underper-formed the rest of the stock market by 30 per cent in the past six months.

Mr Mark Beilby, European media analyst at Warburg, said: "We are trying to introduce an investment vehicle which transcends sector and country boundaries to enable investors to access new indus try trends."

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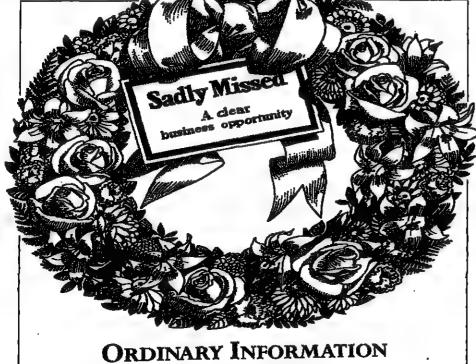
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Differing visions that divide a family

Tim Coone on why an injunction has been granted to the ousted chairman of Dunnes

room struggle over the control of Dunnes Stores, the largest supermarket and retailing chain in the Irish Republic, intensified this week following a temporary High Court injunction being granted to Mr Ben Dunne, the ousted chief executive and chairman, against his other partners in

the family-run company.

Control of the family empire, one of the largest in Ireland and estimated to be worth some 1£700m (£670m), has for many Irish people taken on the semblance of a real-life soap opera, complete with family scandal and public disgrace.

Mr Dunne's legal action followed the dismissal last Friday of two senior managers, includ-ing Mr Michael Irwin, the chief accountant, and the resignation of four other senior managers. The injunction restrains Dunnes from making any further dismissals of senior management or from making any investments involving sums exceeding I£500.000 without approval of the full board.

Mr Dunne was ousted as competitors and is renowned

chairman and chief executive for negotiating tough terms of the group in February after a boardroom coup by three siblings, who with him comprise the board of directors.

No reasons were given for his removal, but it occurred several months after Mr Dunne resumed his duties following a conviction in a Florida court last year on a charge of cocaine possession. He paid a \$5,000 (£3,000) fine, was ordered to attend a drug addiction clinic in London, and has been

The incident caused deep embarrassment to his family, but was the opportunity his three sibling-directors had been looking for to resolve a simmering dispute over the future direction of the chain. Mr Dunne's retailing philoso-

barred from entering the US.

phy followed that of his father, also called Ben, who founded the company 50 years ago to provide quality products but at prices which made them available to a mass market and working class pockets. The group has engaged regu-

larly in price wars with its

with suppliers. Its retail margins are very tight, but an important source of its profits is thought to be derived through supplier credit. This allows the supermarket to accumulate large sums of cash which are then invested in the short-term money market.

As a private unlimited company, Dunnes is not required to disclose financial details. It is believed, however, to generate profits of about 1£50m on turnover of about I£900m. It has 75 supermarket and drap-ery outlets in Ireland, with 6.000 employees. The company also has 23 stores in Northern Ireland and a further 5 in northern Britain.

his elder sister, Mrs Margaret Heffernan, who reportedly wanted the group to go more up-market and who won the backing of two of the other directors, Mr Frank Dunne and Ms Therese Dunna. Executive control is exercised jointly by Margaret

r Dunne fell out with

style of management apparently helped alienate him from his siblings, as did his wish to keep the group a private concern rather than seek an eventual flotation.

The one sister who supported him, Mrs Elizabeth McMahon, died of a heart attack in July. A fourth sister is not involved with the family

Although ousted from any executive position, Mr Dunne as a director has maintained contact with senior managers to obtain financial information on the group.

In an affidavit to the High

Court this week, he claimed that group profits had slipped by I£11m. market share had suffered "a significant decline", and that the group was committed to a I£30m capital expenditure programme which he described as "ques-tionable and foolhardy" and which had not received approval by the full board.

Mr Irwin, the ousted chief accountant, told the High Court this week, that he

Mr Ben Dunne's autocratic believed his dismissal was due to his unwillingness to become involved in the family feud which, he said, was aimed at excluding Mr Ben Dunne.

> n March Mr Dunne took over Dunloe, a quoted property company, which he subsequently said he wishes to see develop into a fruit and vegetable distribution busi-

It is thought that he now wishes to cash in his shares, believed to represent a Dunnes stake of 20 per cent and worth about 1£140m, to develop the Dunloe business, but which his fellow directors in Dunnes fear he may use to set up a rival supermarket chain.

The complex shareholding arrangement in Dunnes, established as a trust by its founder, makes it extremely difficult for any director to dispose of shares without the approval of the other directors.

Mr Dunne has said publicly that he is unable to proceed with his plans for Dunloe because of the ongoing board disputes at Dunnes.

Arcadian in talks to expand hotel side

ARCADIAN International, the leisure-based developer and operator, is in negotiations with separate vendors that may lead to the purchase of eight hotels in the south of England and Jersey, writes

John Murrell. The company intends to fund the acquisitions in part via a rights issue to raise some £11.5m net. With negotiations still under way terms of the cash call were not available. Consideration would be met

ordinary shares and warrants. The acquisitions would comprise a hotel company. together with the hotel business and assets of two subsidiaries of Hidden Hotels. In addition, Arcadian will

by a combination of cash, new

assume debt in the hotel company which is not expected to exceed £12.8m. Both acquisitions would be subject to shareholders' approval.

Of the money being raised, some \$5.5m would fund the cash consideration of the Hidden Hotels. The balance would be used to reduce the enlarged group's debt, meet remaining investment requirements and provide extra working capital.

Mr Robert Breare, chief exec-utive, said Arcadian had been looking for quality hotels in the UK to balance its portfolio of hotel, golf and country club developments located mainly in continental Europe. He added that the hotels under discussion met "all our

N Brown ahead 21% following Eastern more than growth in sales doubled By David Blackwell

By Paul Taylor

INCREASED palm oil production helped Anglo-East-LOWER INTEREST costs and a healthy sales gain helped N ern Plantations to more than Brown, the Manchester-based double pre-tax profits from direct mail order group which £530,000 to £1.2m for the first specialises in clothing for older women, report a 21 per cent Palm oil production from increase in first half profits.

to £1.16m with £400,000 of the

decline attributable to lower

rates and the balance

reflecting an improved stock

from 49 per cent a year earlier.

Earnings per share increased

from 6.84p to 8.29p and the

1.95p to 2.25p.
Turnover in the core home

shopping division increased by

8.6 per cent and operating prof-

its expanded 8.1 per cent to

Mr Jim Martin, chief execu-

tive, said the increase in

turnover mainly reflected cus-

the group's 6,500 hectare Tasik estate in northern Suma-The pre-tax line increased to £9.02m (£7.44m) in the 26 weeks tra rose from 32,994 tonnes to to August 28 on turnover ahead 8.3 per cent to £86.2m 45,718 tonnes. Target production for 1997 is 130,000 tonnes (£79.6m). Operating profits increased to £10.3m (£9.4m). of palm oil. Interest costs fell by £647,000

Outside processing carried out by the dedicated crushing mill, opened in 1991, increased from 8,900 tonnes to more than 28,000 tonnes.

Anglo-

half of 1993.

Mr Rollo Barnes, chief executive, said the Tasik estate was coming to maturity. At the same time a shortage of crushing capacity in the area had raised the throughput at the group's mill.

The average palm oil price obtained at Rotterdam in the half was \$375 a tonne, although the price had since fallen to about \$340 a tonne. Production in the first three

months of the second half was well up on last year and if this trend continued, the group said results for the year should be very satisfactory.

Turnover was ahead 54 per cent from £2.26m to £3.5m. Rarnings per share rose from 1.4p to 3p, and the interim dividend is up from 0.375p to

The group said no provision had been made for expenses relating to Chillington Corporation's planned sale of most of its 49 per cent stake in Anglo-Eastern to Genton International of Hong Kong. It estimates its expenses at between £120,000 and £160,000.

Shareholders in Chillington, which also has interests in property and engineering, vote on the sale early next month. If it is approved, Genton will make a full offer for the rest of Anglo-Eastern at 68p a share. Yesterday the shares were unchanged at 74p.

and ordering more often. The group's established catalogues - J D Williams. Ambrose Wilson, Oxendales and the slightly more upmarket Heather Valley - continued to grow and still account for the bulk of turn-

over and operating profits.

These catalogues all cater for more mature customers and offer a much wider range of sizes and fittings than would

be found in the High Street.
Fashion World and Candid. the newer titles which were launched in 1991 and are designed for slightly younger customers, continued to increase their share of turnover and profit. They now account for 9 per cent of turn-

This also helped reduce gear-ing, which fell to 33 per cent The group's small property and financial division made an operating profit of £48,000, against a comparable loss of interim dividend is raised from £33,000, and a £240,000 deficit in last year's second half.

Sir David Alliance, chair man, said all the autumn/winter catalogues had started well. with encouraging gains in average order values and some early indications that new customer recruitment is stronger than in the past few seasons. tomers ordering more items,

Boardroom reshuffle and asset sale at BCE

MR DAVID Fisher, chairman of BCE Holdings, the snooker and pool equipment maker, has sold 8.37m ordinary shares, representing 29.9 per cent of the issued capital. He retains 8.55m shares.

Mr John Roberts bought 433,789 of the shares (1.5 per cent), a trust of which Mr Barry Adams is the beneficiary bought 3.97m (14.2 per cent) and Mr Robin Jones bought 3.97m (14.2 per cent). Mr Adams and Mr Jones have

been appointed to the board.

Henacre, a new company owned by Mr Fisher, has entered a conditional contracts to buy four amusement arcades owned by BCE for a total of £1.08m cash on comple tion. The arcades, three in Bristol and one in Bath, generated operating profits of £172,767 for the year to March 31. At that date they had a book value of £1.09m.

Following completion Mr Roberts will become chairman of BCE. The shares rose 2p to

US and Japanese shortfalls leave Densitron at £0.25m

By Gary Evans

SHARES IN Densitron International fell 5p to 32p yesterday after the electronic components manufacturer reported pre-tax profits down from £370,000 to £251,000 in the first half of 1993. Mr Cliff Hardcastle, chairman, said all parts of

the company were trading profitably, although there were reduced profits in the US and Japan. The Japanese situation, in particular, was expected to improve rapidly in the second half. Orders and sales were already showing an improvement which, if continued, would help towards a satisfactory outcome for the full year.

An improved second half - similar to last year - was expected, but the final outcome was dependent upon relatively large contracts deliverable in the last quarter.

Mr Hardcastle pointed out that currency changes had made a significant impact on the reported figures, with the result that the indi-

fondo de inversiones de venezuela

cated increases in overhead costs and sales were

overstated. First-half turnover rose from £28.4m to £28m. but after eliminating the effect of currency changes, sales volume remained level, with a

small reduction in gross margin. A tax credit of £17,000 (£166,000 charge) - the result of higher UK profits being sheltered from tax by prior years losses and lower earnings abroad - meant earnings per share were higher

An increased interim dividend of 0.5p (0.4p) is Mr Hardcastle reported that Densitron had

taken a legal action in the US against a Japanese competitor concerning the misuse of confidential information. Costs of the action were "quite significant" he said, but at this time, the company expected

to recover all of its costs, plus damage The case is due to come to court in mid-De-

CA ENERGIA ELECTRICA DE BARQUISVIVETI

PRIVATISATION PROCEDURE OPENING OF INTERNATIONAL REGISTER FOR PRE-QUALIFICATION

The Venezuelan Investment Fund (FIV) announces the commencement of the International Pre-

Qualification Period for interested operators in the acquisition and operation of the C.A. ENERGIA ELECTRICA DE BAROUISIMETO (ENELBAR) The C.A. Energia Eléctrica de Barquisimeto generates, transmits and distributes electricity in the State

of Lara. The Company serves more than 200,000 subscribers, with annual sales of approximately 1,300 GWh. Part of the energy sold is generated by the company's own facilities which have an installed

thermoelectric generating capacity of 149 MW. PRE-QUALIFICATION Interested bidders must include a technical operator whose equity participation will not be less than 25%. In the event that one or more state-controlled entitles form a part of the bidding consortium, their interest

will be limited to a maximun equity participation of 35%. Interested bidders will submit the required documentation by hand to the offices of the FIV in Caracas. The packet submitted will contain three full identical sets of documents in three separate envelopes. The first one marked "Fondo de Inversiones de Venezuela", the second marked "The Chase Manhattan Bank. N.A.", and the third marked with the name of the bidder. This third packet will be stamped as "Received" and will serve as a receipt for the submitted documentation.

After bidders pre-qualify and sign a confidentiality agreement, they will have access to the Data Room, which will be open through October 27, 1993. If the bidder is a single company, it may prequalify as of this date, and if it wishes to Join or form a consortium, it will have until October 18, 1993 to do so.

IMPORTANT NOTICE: The term "bidder" used here refers to a single company (operator) or a consortium (including an operator). In either case, all criteria and requirements must be satisfied by the bidder in order to qualify for the bidding process.

DOCUMENTATION

A letter, in Spanish, should be prepared to provide the following information:

Provide the legal name and domicile of the bidder, and a primary contact name, telephone and fax numbers. In the case of the bidder being a consortium, provide the legal names and domiciles of the members of the consortium, and establish a primary contact name on behalf of the consortium and provide telephone and fax numbers.

Technical Operator Criteria: a) How many years of experience does the bidder have in electrical distribution? -minimum four years. b) How many customers did the bidder serve in the last fiscal year? -minimun 200,000 customers c) What was the energy invoiced by the bidder in the last fiscal year? -minimum 1,000 MWh.

d) What were the average annual percentage energy losses for the bidder for the past three fiscal years? (please provide method of calculation). -maximum 13%. Other Technical Information: 1) What has been the frequency of service interruption, the average duration of service interruption and total duration of service interruption in each of the past three fiscal years? (please provide method of

2) What has been the bidder's experience in thermoelectric power generation? 3) What is the power distribution profile of the bidder by type of customer (Residential, Commercial, Industrial, Official and Other), in GWh and % of total, for the last fiscal year?

4) Who are the top five industrial customers of the bidder and their invoiced power in GWh for the last fiscal year? (please provide names and telephone numbers of customer contacts for references). 5) What is the length (in pole kilometers) of the bidder's transmission and distribution system? (please

provide breakdown by tension levels). Note: In the case of the bidder comprising more than one operator, reponses to the above may be given as combined or cumulative. Financial Criteria:

a) What is the (combined) net worth of the bidder at latest fiscal year-end? (please show method of b) What has been the increase/decrease in (combined) net worth of the bidder over the past three fiscal years? (please show method of calculation), -maximum decrease of 10%.

The bidder must provide Audited Financial Statement and Annual Reports (in their language of origin) for the last three fiscal years. The bidder should send any other relevant documentation necessary in support of its responses along with page references for each of the above items. The FIV and Chase reserve the right to request additional information in order to clarify any response to the above auestions.

The packet must be hand delivered and will be accepted at the following address on Mondays and Thursdays between 3:00 P.M. and 4:00 P.M. through October 18, 1993: Fondo de Inversiones de Venezuela, Coordinación General de Proyectos-Sector Eléctrico Edificio Centro Valores, piso 2, oficina 2-4, Esquina de Luneta, Parroquia Altagracia Caraças, Venezuela. Telephones: (582)806-5870: 861-0698: Fax: (582)806-5852 Attention: Mr. Nestor Ramírez

Additional information may be obtained from the Chase Manhattan Bank, N.A. by contacting Mr. Guillermo Vernet in Chase Caracas at (582) 951-2011 or Mr. Charles Wortman in Chase New York at (1212) 552-2625.

Delyn falls £142,000 into the red

EXCEPTIONAL charges of £591,000 pushed Delyn Group, the manufacturer of consumer packaging and materials, £142,000 into the red at the pretax level for the 26 weeks ended August 1.

That compared with previous profits of £500,000 and was struck from turnover of £6.71m Losses per share worked

through at 3.55p (earnings 3.94p). The interim dividend is held at 0.5p.

The exceptional provision related to Delyn's holding in Plastella which was disposed of

Anglo St James trims deficit

A £190,000 reduction in interest charges to £255,000 helped Anglo St James, the commercial property developer, reduce its deficit from £289,000 to

months to end-June. Losses per share emerged at

conditions were "certainly more promising" than 12 months earlier.

Improved freights help Lofs to \$1.55m

London & Overseas Freighters, the Bermuda-based shipping company ultimately controlled by Iroquois Shipping Corpora-tion of Liberia, reported income before tax of \$1.56m (£1.02m) for the six months to September 30.

The results, compiled under US generally accepted accounting principles, compared with a restated deficit of \$165,000

last time. Net freights and hire amounted to \$10.9m (\$7.54m) reflecting the commencement in July of the five year Chevron charter on the London Pride, increases built into daily rates of similar charters on the London Spirit and London Victory and improved trading conditions for the London Enter-

225,000 pre-tax for the six at 6.4 cents (losses 1 cent).

NEWS DIGEST

The directors said market Proceeds will be used to

Earnings per share emerged

The company plans an inter-national offering of up to 5m American Depositary Shares at between \$15 and \$17 apiece.

> finance expansion of its oil Furman Selz and NatWest Securities are managers and the latter is also sponsoring the offering on the London Stock Exchange.

ML sells airships arm to Westinghouse

Slingsby Aviation, a wholly owned subsidiary of ML Holdings, the aerospace, defence and electronics group, has sold the assets of its airships business to Westinghouse Airships

of Baltimore. Consideration is 21.7m, payable on completion.

Bass in Indonesian ioint venture

Holiday Inn Worldwide, the hotels division of Bass, the brewing and leisure group, has signed a joint venture with PT Hotel Dirgahayu Indah Raya, part of the Susanti Group, to

over the next seven years. Bass and Susanti will each invest \$30m (£20m) progressively in the venture. Additional debt financing will be sought as hotels are developed.

develop 30 hotels in Indonesia

Helene sets up fresh credit facility

Helene, the fashion wear distributor and textile merchant, has signed a £20m three-year revolving credit facility with

its banks. It replaces a series of bilateral uncommitted and committed facilities to various group

The facility was arranged by Samuel Montagu and syndicated to National Westminster, Royal Bank of Scotland, Bar-clays, Standard Chartered and

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Credit Lyonnais. In addition, Samuel Montagu has co-ordinated a series of bilateral facilities, amounting to £14m, including £9m for

letters of credit. Helene also announced that it had issued 3.38m ordinary shares as the deferred consideration for the acquisition of

CONTRACTS & TENDERS



CUKUROVA ELEKTRIK A.S.

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Cukurova Elektrik A.S. Seyhan Baraj, P.O.B. 239 ADANA/TÜRKÍYE Phone: (322) 235 06 81 (4 Lines) Telefax: (322) 235 02 57

GENERAL MANAGEMENT

PUBLIC NOTICES TECK CORPORATION

NOTICE TO **WARRANT HOLDERS**

Notice is hereby given to the holders of Class B Subordinate Voting Share Purchase Warrants (the "Warrants") issued under the Warrant indenture dated as of July 3, 1991 between Teck Corporation and National Trust Company that the Warrants expire at 4:00 p.m. Toronto time, on December 15, 1993 and thereafter the Warrants will be null and void.

Warrant holders wishing to exercise Warrants must surrender, or send by mail or other means, the Warrant certificate with the subscription form duly completed together with the required payment in accordance with the terms of the Warrant Indenture to a principal office of The R M Trust Company in Toronto, Montreal, Calgary, Winnipeg or Vancouver or to the office of Bankers Trust Company, London, England to be received at such office at or prior to 4:00 p.m., Toronto time, December 15, 1993.

Teck Corporation K.L. Dunies Corporate Secretary **Vапсоциег, ВС**

October 7, 1993

LEGAL NOTICES

John Tyoran.

In the matter of Hollis Middle East Limited and

La the matter of the

Cyprus Companies Law Cap 113

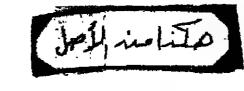
Notice is bereby given that the creditors of the above-named company which is being volustarily wound up are required on or before the 14th day of November 1993 to sead in their hill sames, their addresses and descriptions, full particulars of their debts or chrisms and the names and addresses of their solutions (if my) to the undersigned Mr Antony Hafi Rousses FCCA of Julia House, 3 Themissocies Dervis Street, PO Bex 1612, Nicosia, Cyprus the Liquidator of the and company, and if so required by notice in writing from the said liquidator, are define or claims at such time and place as shall be specified in such solve, or in default thereof they will be excluded from the hearfit of any distribution made before such debts are proved. Dated this 14th day of October 1993

COMPANY NOTICES



€150,000,000 Floating Rate Notes Due 1997 In accordance with the terms and conditions of the Notes, the interest rate for the period 13th October, 1993 to 13th January, 1994 has been fixed at 5.9542 at 5.955% per annum. The interest payable on 13th January, 1994 against Coupon 13 will be £150.10 per £10,000

Agent Bank ROYAL BANK



Thursday October 14 1993.

Industry and the consumer both have an interest in the development of internationally recognised standards. In this special survey, which coincides with the 24th annual International Standards Day, Charles Batchelor reports on progress

A pervasive influence

clearer by the range of overlap-ping national, European and

international bodies involved

and the pea-soup of acronyms used to label the organisations

and the standards they pro-

in Britain, for example, the

British Standards Institution.

standards. At the European

level most standards are set by

CEN, the European Commis-

International standards, in

turn, are set by the Geneva-

based International Organisa-tion for Standardisation (ISO). Once again, however, electrical

products are the responsibility

of another body, the Interna-

tional Electrotechnical Com-

These overlapping organisa-

tions result in the same stan-

dard appearing in many differ-ent guises. BS5750, a British quality assurance standard,

has been adopted internation-

ally as ISO9000 and in conti-

Despite the barriers thrown

up by the bureaucratic nature of much standards work, there

are signs that neglect is mak-

ing way for a period of closer public interest. This interest is fuelled by a number of impor-

nental Europe as EN29000.

STANDARDS, and the non-specialist international agreements that The picture is made no international agreements that underpin them, have a pervasive influence on our daily lives. They help determine the shape and size of our credit cards, the symbols on the dash-board of our cars, the speed codes for the films in our cameras and the paper sizes we use

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Helene sets up \$2 greeth facility

at the office. No less important for the co-ordinates the writing of new industrial or commercial user is the international system for grading screw threads, the agreement on a standardised sion for Standardisation, size for freight containers and although electrical products and telecommunications have a common format for the numeric representation of their own organisations. dates and times.

The absence of an international, or even a European, standard for electric plugs and sockets, is one of the most obvious failures of the standards industry. A study has finally begun into finding at least a Europe-wide answer to a cause of constant annoyance for the international traveller,

and of cost to manufacturers. Yet, in spite of its powerful impact on our lives and the economies of nations, the standards world remains a curiously low key one. The reasonis not far to seek. Creating standards is the hundrum task of armies of committees around the world. Much of their time is spent debating almost imperceptible tolerances of machinery and systems of little interest to the

■ The growing importance of regional trading blocks which require harmonised standards if industry is to benefit fully from the removal of internal barriers. The formal launch of the single European market last January gave an added impetus to the move towards harmonised European standards which had been under way since the early 1980s. The creation of the North

American Free Trade Area has similarly given additional urgency to the search for harmonised standards and is prompting closer working between Canadian, Mexican and US organisations.

The ultimate alm of industry and the standards writers is to create international standards. Pressure from third world countries, no less than from the industrialised world, is for standards which will get their products into all the world's

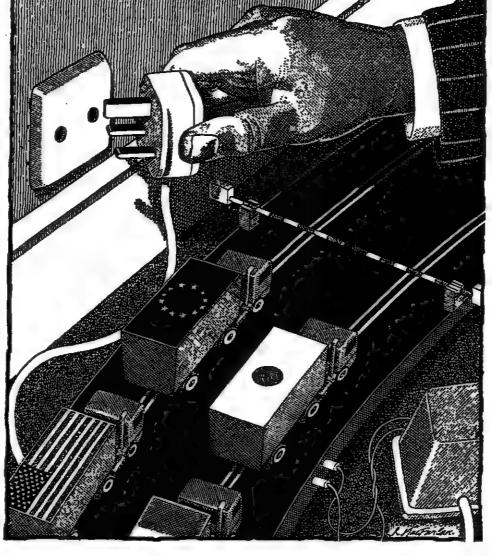
But the range of conflicting interests - manufacturers, consumers, regulators - which have to be reconciled to create truly international standards mean that national standards may initially be replaced by regional standards.

A growing awareness of the economic advantage which can be won by ensuring that your national standard forms the basis for an international standard. Britain, France and Ger-many each head about one third of the ISO committees set up to establish new international standards, a position which allows a considerable influence on the shape of the ultimate standard.

The Canadian Standards Association felt it had achieved a sizeable benefit when it was allocated the secretariat of a new ISO committee to write environmental standards.

■ A move to the writing of what are sometimes known as horizontal standards, covering such areas as quality assurance and environmental management. ISO9000, the first such standard, has provoked much controversy.
Some parts of US industry

fear that ISC6000 will be used to buttress fortress Europe, while countries such as Germany, where more relience is



placed on product testing, are suspicious of the value of monitoring procedures. Horizontal or systems standards, applica-ble across broad swathes of industry, are more wide-ranging in their impact than stan-dards applicable to a single

product or industry. The most significant impetus for harmonised standards has come from Europe in recent years, largely due to the fact that the fragmented European market place has had most to benefit. The US and Japan,

Books

with their larger, homogenous home markets had less need to join the move to greater harmonisation.

But if Europe continues to dominate the creation of international standards through ISO, the US and Japan could start to come under pressure. ISO9000 is starting to make inroads into the US market, complementing and even possibly usurping manufacturers' quality assurance standards. With more than 400 industrybased standards bodies resulting in a highly fragmented sector, the US is at a disadvantage in international standards

making.
Not that Europe's move to greeter harmonisation is without its problems. The harmonised product directives which began emerging from the Euro-pean Commission in the late 1980s have prompted a veritable frenzy of standards making. The directive covering personal protective equipment head, eye and foot protectors and the like - is expected to

THOUGHT YOU SAID YOU WERE GOING TO TRY TO RELAX WHEN WE WERE ON HOLIDAY



require 200 harmonised standards, the construction products directive no fewer than

2,000 new standards. The so-called new approach directives give greater flexibility than their predecessors, which hald down detailed technical requirements. But they do require a welter of standards-making to back them up. Some of those involved fear that the scale of the work involved is leading to a decline in the quality of the standards which are being written.

"Standards are being rushed through. They are poorly drafted and open to misinter-pretation," commented one participant in the standardswriting process.

Nor is industry entirely happy with every aspect of the new directives and their supporting standards. The certification and testing bodies in the different countries - the public and private organisations and laboratories which confirm that a particular standard has been met - frequently differ in their interpretation of a stan-

To overcome this problem the European Organisation for Testing and Certification was set up in January 1998. The EOTC has already established groups in the fields of electrical products, information tech-nology and water supply to ensure that testing laboratories and certification bodies recognise each others' work and more than a dozen other groups are being established.

Even so, companies with an established product range and a good safety record frequently find the new directives unduly complex, bureaucratic and costly to conform to, according to Mr Mo Masri of SGS, a large testing and certification com-

Introducing standards into a new area, or modifying the existing standards framework, can have a powerful knock-on effect on industry. Manufacturers may be forced to modify their product ranges, cutting out marginal items which do not justify the cost of testing or certification, and designing new products to meet the standards. The European Toy Directive put a lot of toy manu-

facturers out of business.
The standards industry also faces a considerable shake-up. There are an estimated 10,000 independent testing laboratories in Europe as well as a large number of certification organisations. The new EC directives are creating more work in the short term but if the EOTC is successful in promoting mutual recognition of test certificates then closures and mergers are likely.

The pressure for standards, national, regional and international is inexorable. The benefits to the consumer, industry and trade are indisputable. But there is equally no doubt that the standards revolution will claim its casualties. Standards have become another risk which companies must learn to

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Commission Electrotechnique Internationale International Electrotechnical Commission Мендународная Электротехническая Комиссия In spite of Britain's early

lead in standards setting.qual-

ity slumped after the second

world war. When industry and

government realised just how far standards had slipped,

there was a revival of interest

and the creation, in 1979, of

BS5750, which now accounts

for just under half of BSI's

turnover and two thirds of

Five years ago BSI embarked

on a programme designed to

modernise its organisation

speed up the creation of stan-

dards and improve its profit

As an institution incorpo-

rated by Royal Charter, it had

not had a strong commercial

drive and had become some

what bureaucratic in its atti

It created the post of chief

executive and appointed Mr

Michael Sanderson, formerly

managing director at AWD

Bedford Trucks, to the job. But

after only 18 months Mr

Sanderson resigned in June

1993 following what BSI called

"a deep disagreement with the

board on important matters of

policy and management". Day-to-day management has

been taken over by a three-

man board committee headed

by Mr Vivian Thomas, non-ex-

ecutive chairman. Not long

after Mr Sanderson's depar-

ture, though the two events

were not connected, Mr Mich-

ael Heseltine, trade and indus-

try secretary, announced a

government review of BSL Mr

Heseltine has called into ques-

tion whether an organisation

which now makes a sizeable

profit needs an annual govern-

ment subsidy of £4.5m. The

government also wants to

know what contribution stan-

dards make to the competitive

ness of British industry and

what BSI's role should be now

that European and interna-

tional standards are becoming

more important than purely

BSI believes that its work

justifies continued public sec-

tor backing. But the pressures

on the government to reduce

the subsidy extremely attrac-

national ones.

to be very timely.

BSI sails into choppy seas

THE British Standards Institution, the organisation which co-ordinates the writing of UK standards, should be riding the crest of the wave. BS5750, the quality assurance standard it devised in the late 1970s, has become a world-wide best-seller and the basis for the European and international quality standards.

Yet, just when the benefits of the hard work that went into BS5750 are starting to pay off, BSI has run into choppy seas. The strains imposed by its efforts to modernise its somewhat bureaucratic procedures cost it its chief executive earlier this year.

And around the same time the government ordered a review of BSI, the grant it receives from the public purse and the whole issue of standards writing in the UK.

The government has yet to announce the results of its review but BSI is pressing on with its own internal reorganisation. It is streamlining its standards-writing division at the cost of 70 jobs and an annual saving of £3m. Further cost savings and increased efficiency are expected from a concentration of the organisation's London-hased activities in new offices in Chiswick, west Lon-

BSI is unusual for a standards organisation in that It not only co-ordinates the writing of standards, it also has divisions involved in quality assurance certification and product testing. Its German and French counterparts, DIN and AFNOR, are engaged simply in standards-writing. BSFs combination of activities produced profits of £7.5m last year on sales of 274m. It employs

Combining these three areas of activity gives BSI an undoubted marketing advantage in the highly competitive fields of certification and testing, though it stresses they are managed separately. More than 30 other organisations are engaged in certifying companies to the BS5750 quality standard while, according to some estimates, the UK has no fewer than 5,000 product-testing labo-

To ensure that the organisations which carry out certifica-

Number of standards published by BSI Three year moving average

92/3 95/6

tion and testing are themselves up to scratch, the government established a National Accreditation Council for Certification Bodies in 1984. If a certifier meets the standards set, it can issue certificates bearing the tick and crown symbol of the

trical counterpart CENELEC, mirrored this split. One of BSI's first actions was to bring order to the manufacture of the steel sections used

How BSI standard

to make tramway rails. Within a year of BSI introducing a kitemark for tramway rails in 1903 the number of steel sec-

The strains imposed by BSI's efforts to modernise its somewhat bureaucratic procedures cost it its chief executive earlier this year

For reasons which have looked increasingly eccentric as competition between the certification bodies has grown, the NACCB was set up under the BSI's royal charter and is funded by BSL No-one has suggested that

this curious arrangement limits the NACCB's ability to treat BSI's certification activities any differently from those of BSI's commercial rivals. But it keen for the NACCB to achieve complete independence. Established in 1901 as the

Engineering Standards Committee, BSI managed to avoid the split between the electrical sector and the rest of industry which has marked other standards organisations. The split arose because the International Electrotechnical Committee was founded in 1907, 40 years before the International Organisation for Standardisation, responsible for all other industry areas, and the two never

merged.
Other standards organisations which were subsequently set up, notably the European organisations CEN and its elections used had fallen from 75 to five and industry was making savings of around £1m a year. BSI has since gone on to create standards in a wide range of industry areas and now has some 12,000 standards covering anything from the fungal resis tance of wood panels and the strength and durability of fitted kitchens to the impact

resistance of cycling helmets.

Requests for standards come in from a variety of sources including companies, the gov-ernment, trade associations and consumer groups. If BSI is convinced that there is a case for a new standard it puts together a drafting committee made up of groups such as manufacturers, purchasers, local authorities, government departments and consumers. These representatives give their time free although the government has calculated that the cost to industry of this activity is 2200m a year.

BSI says it takes about two rears to produce a British standard. It says that this is faster than many of its international counterparts but it is keen to speed up the process.

UNLIKE other, higher profile issues over which the UK and the rest of the European Community have been at odds, standards is one corner where both sides are positively effusive about each other.

They insist they are both vital to the users of standards with their joint future secured by the premium that industry places on flexibility and the need for consensus in drawing up standards.

At the European level, most standards are set by CEN, the European Committee for Standardisation, while electrical products and telecommunications have their own organisa tions - CENELEC and ETSL

CEN groups the national standards bodies of the 12 European Community member countries and the six members of the European Free Trade Association. A further seven countries, mainly from eastern Europe have affiliate status, with the Czech Republic and the Slovak Republic currently applying for affiliation. The committee attempts to avoid duplicating the work of other organisations, so where possible its standards are based on national or international ones. They carry the EN (European

Standard) prefix. The British Standards Institute is at such pains to stress its enthusiasm for its European counterparts that its literature starts with an apology for its name: "BSI might easily be imagined as a bastion of insular nationalism. Perish the thought. Standards are as international as the markets they serve, and BSI's outlook has always been towards world markets to promote the acceptability of the UK exports and imports on which we depend."

The BSI Kitemark is perhaps the most widely known UK seal of approval and is awarded, or licensed, by BSI to companies which produce goods to accepted national or international standards. Both BSI and CEN dismiss

worries that one side may be redundant in the three-tiered global standards structure which has bodies at the national, European and intermational level. Relations are so cordial that BSI says its London headquarters can be regarded as the

offices of their European counpublic spending are such as to terparts and the UK is often at make reducing or removing the forefront of demands for new standards from Europe. tive. BSI's efforts to become "The UK has got the image of being a slightly reluctant more commercial could prove

European, but in terms of stan-

EUROPEAN CO-OPERATION

Where entente cordiale reigns

the quickest to establish European standards as part of the national standards framework. The UK consistently tops the league in this," says Ms Patricia O'Rourke, BSI's senior press officer.

The UK's desire for European standards is not born out of idealistic Euro-enthusiasm: The feeling is that if you don't get involved, somebody else is going to set the standard, set the agenda," she adds.

The role of the European committees has been vastly expanded by the spate of directives produced to establish the community's internal market initiative, many of which use standards to spell out their requirements.

The community has been trying to reduce technical barriers to trade since 1969 but the attempt initially foundered in a bog of technical details which had to be constantly updated. In 1973, the Low Voltage directive took a different approach which limited legislative harmonisation to essential requirements published in the directive and then entrusted the preparation of supporting technical specifications to standards organisations.

This new approach was adopted by the Community in 1985 and these days most directives for goods and services are produced in this way.

With legislative differences outlawed by directives, considerable scope exists for the voluntary harmonisation. This is essentially a marketing chal-lenge to suppliers to influence, but ultimately to meet, the

ers throughout the community without legal hindrance. Yet at first glance, the European level looks the most vulnerable to redundancy.

preferences of "home" custom-

Ms O'Rourke says the need for European standards, however, is driven by pragmatism and the community's special need for standards to support its single market: "I think it is a question of scale and timing. When you are creating a national standard, we get all the interested bodies together. This can mean as many as

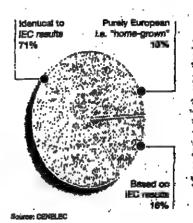
30 or 40 bodies represented on a committee. We even had one committee of 60. When you have a European level you have all the European countries involved and you have got to come to a consensus.

When you are working on an international level you have more people involved and it takes longer to produce." BSI says it takes an average

of two years to produce a UK standard, four years in Europe and more than six years internationally. She adds: "Also the EC has

its own timetable of standards required by the internal mar-

CENELEC European standards



i Because 1992 was the year of the drive to complete as much of the Single Market as possible, the proportion of standards drafted at Suropean level increased alightly to 13 per cent of the ... total catalogue. However, 87 per cent were still adopted from Internations (IEC) atendards.

ket." She points to the electromagnetic compatibility direc-

This was implemented last year to ensure that electrical products do not interfere with each other, heading off potential disasters such as televi-

sions interfering with life support machines in hospitals. The directive relies on a number of standards to elaborate its requirements.

CEN says it enjoys a fruitful and productive relationship with all its members, including BSI: "Troubled though the UK's position in Europe may be in certain respects, the European standards scene. which spans the Community and other European trading agreements, has seen a huge shift towards co-operation in drawing up standards to support directives and the UK is playing its due proportionate part as one of the biggest mem-ber states," says Mr Stewart Sanson, head of information. These new approach directives will typically contain the essential requirements for health and safety. All the rest of things can be handled by voluntary standardisation and

verification." CEN, which was set up in 1961, admits it was a far smaller operation before 1985: "The work was not very big. But in fact there was significant work going on, with Euro-pean standards for safety of

lifts and safety of toys. Standards were created in the low hundreds. It was just an extremely small secretariat of about 10 people," says Mr

He also points to the need for a European standard setter to achieve consensus more quickly than at the international level, but argues that in the end industry will decide where the appropriate standards should be set: "International consensus is sometimes particularly difficult to achieve with more than 130 countries.

Other parts of the world have more technical differences than exist between European countries; for example, in the US voltage is very differ-

He says CEN members have a much stricter attitude to the adoption of standards: "If the standard is voted for by CEN it has to be adopted and implemented as a national standard. Countries in the rest of the world do not have to adopt

Catherine Milton

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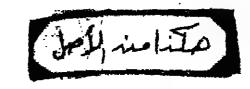
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This was implemented by control of the control of t AT FIRST glance, the American system for setting industrial and commercial standards is intimidating,

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Catherine

In contrast with the UK. where a single body - the British Standards Institution - has a monopoly over standard writing, there are some 450 separate groups, from the Institute of Electrical and Electronic Engineers to the American Dental Association, involved in making the rules and specifications to be followed by companies doing business in the US.

Many outsiders view the system as confusing. Some are suspicious of the inability or reluctance of American industry to streamline what is by any measure a highly fragmented process. They believe the system's centre of gravity the American National Standards Institute - needs to be strengthened to bring more coherence to the system.

"There is a gulf of understanding between the two sides of the Atlantic over the role of standards," admits Mr Stephen Cooney, a senior policy director at the National Association of Manufacturers, an umbrella

Frank McGurty sorts out some of the confusion in the US system

Gulf of misunderstanding

interests of US industry. Mr Cooney believes Europeans have historically viewed standards as a barrier to trade. Indeed, standard-setting within the EC has proved a pivotal issue in negotiations leading to the establishment of the single European market. This perspective has flavoured atti-

tudes towards the US process. In contrast, he says, American companies generally have a more trusting attitude towards the enterprise of standard setting, long considered an essential ingredient in fostering inter-state commerce. A bicycle manufacturer in Brunswick, Maine, to take one example, can feel confident buying frames from a Pasadena, California, manufacturer because the American Welding Society has established about 100 standards for metal welds.

Most of those involved with

the US system has won such broad support is its voluntary. self-regulatory approach. Market forces, rather than government oversight, are usually the catalyst for an industry to establish a new standard. However, "the hot breath of government regulators", as Mr Cooney points out, sometimes spurs the private sector into action.

Mr George Willingmyre. vice-president of ANSI, which represents the US in international standards organisations, describes the process as "complementary". If government agencies, such as the Federal Drug Administration or the Consumer Products Safety Commission, "can meet their mission by encouraging the marketplace to develop stan-dards on their own, they will do so". Federal law requires the government to defer to any voluntary standard if an acceptable one exists.

For the private sector, the development of standards on a voluntary basis has some decided advantages. It allows industry to play a dominant role in shaping the standard as well as in revising it to reflect subsequent changes in technol-ogy and market conditions. This bottom-to-top orienta-

tion is typified by the work of the American Society of Mechanical Engineers, one of the most active of the standard writing bodies in the US.

At the end of the last century, the ASME set the system's guiding precedent in response to growing concern over the safety of heating boilers, which were exploding at the rate of 1,000 a year. A voluntary committee, with representatives of the industry, was

convened to develop a criteria for the accreditation of manufacturers. The ASME standard is now recognised in about 80 countries.

Since then, ASME committees in a range of engineering fields have been engaged in developing two other types of standards. The first include performance test codes - that is, determining how a product such a compressor should nerform, and drawing up criteria



on design, manufacture and testing to ensure that the product meets the specified level of performance. The second category is dimensional standards for fasteners, machine threads and the like.

The hallmark of the system, its advocates claim, is its openness. What is known as "a halance of communities", including manufacturers and users of their products, is required. The intention is to prevent a standard from becoming a tool for an industry's most powerful players to freeze out the competition. The process must also allow ample opportunity of public review and comment.

"Standards are set for public use, so the public has a right to part of the process," says Mr Mel Greene, ASME's associare executive director.

ANSI, a privately funded, non-profit organisation, stands at the centre of the process though its presence is hardly imposing. It has no direct role in setting standards, but instead sets the standards to which American standard-setters are expected to conform. Its criteria relate to process rather than substance. ANSI stipulates that a standard be developed under the principles of balanced interests, consensus, public notice and rights of appeal. The process must be

open to all interested parties". If the method conforms to these rules, ANSI may then certify the result as an "American national standard" – which forms the basis for any

number in ANSI's register to

activities of the various stan-dard setting bodies, however, The institute's remit is to help a standard-setting body to determine if a competing body is working on a parallel standard, or if one already exists, However, some members of the standard-setting community believe that ANSI, as a privatesector organisation with no official authority, can in effect only minimise the overlap of its members' activities. It does this through a series of standards boards - medical

almost 11,000.

to facilitate consultation

Dr Wallace Read, IEEE's

among standard developers.

devices, construction and health and safety and the like product's acceptance in the US vice-president for standards,

5,273 market. Last year, 570 new says the relatively passive role national standards were of ANSI sometimes results in approved, bringing the total unnecessary duplication by rival standard setters, as well

5.692

International standards published

menting acceptable standards But Mr Cooney of National Association of Manufacturers defends the US approach. "The system works well," he insists,
"There is no need to make it
tight and neat" just because some are uncomfortable with

as excessive delays in imple-

its complexities. None the less, he accepts that US industry must take a more international approach to standard writing. In this regard, he points out, US standard writers are increasingly looking for a complementary international standard before formulating their own, Second. government-to-government efforts are under way to improve the ability of foreign companies to test their products against US national stan-

Meaningful explanations

Accreditation. Sometimes confused with certification but in fact a procedure for guaranteeing that the certification bodies themselves are up to scratch. There may be many competing certification bodies in a particular field but each country will normally have only one accreditation organisation. In the UK this is the National Accreditation Council for Certification Bodies (3 Birdcage Walk, London SW1H 9JH.

Tel 071 222 5374). The growing demand for standards around the world and the large numbers of certi-fication bodies involved have prompted the spread of the idea of accreditation.

CE Mark. This is probably best known to the public because it appears on the packaging for toys but it is applicable to a wide range of products covered by the "new approach" direc-

In some cases manufacturers may apply the CE mark simply by declaring that their product-meets the required standards but other products require independent certification that the standard has been reached. Toys may be labelled on the basis of self-certification but in the UK at least, many large retailers insist on independent

CEN, the European Committee for Standardisation. CEN groups the national standards bodies of the 12 European Community member states and the six members of the European Free Trade Association. A further seven countries, mainly from eastern Europe, have affiliate status.

CEN was established in 1961 but had little to do for its first 24 years because standards setting was dominated by the national organisations and ISO/IEC. But in 1985 the European Community instituted a new approach to standard setting because it needed stan-dards to back up the directives it was starting to produce for its single market initiative.

CEN attempts to avoid duplicating the work of other organisations, so where possible its standards are based on national or international ones. They carry the EN - Euro-norms - prefix. Address: Rue de Stassart 36, B-1050 Brussels, Belgium. Tel 322 519 6811. In common with ISO, CEN

has no responsibility for the electrical industry. This is handled by CENELEC, the European Committee for Electrotechnical Standardisation, (rue de Stassart 35, B-1050 Brussels. Tel 322 519 6871) while telecommunications standards are dealt with by ETSI, the European Telecommunications Standards Institute.

Certification. The process of guaranteeing that a product or service conforms to the requirements of the relevant standard or technical specification. The product or company may then carry the "tamp" of the certification body. For example, in the UK, this may involve the "kitemark" of the **British Standards Institution (2** Park Street, London W1A 2BS.

Tel 071 629 9000). Third party certification - by an independent organisation allows a supplier to demonstrate to his potential customers that he meets certain stan-

European Organisation for Testing and Certification (EOTC). Set up in December 1992 following a two-year pilot to establish the mutual recognition by certification and testing organisations in Europe of

each other's work. The EOTC also includes in its aims the influencing of European policy on technical

trade barriers and on the development and harmonisa tion of standards. Its membership comprises the standards organisations from 16 countries and 12 pan-European standards, consumer and

industry associations. It has established three committees to look at mutual recognition in the fields of information technology, electrical products and water supply. Address: Egmont House, rue d'Egmontstraat 15, B-1050 Brussels, Tel 322 502 4141.

ISO, the International Organisation for Standardination. Set tion of 92 member countries which appoint committees to establish international standards. More than 8,600 international standards, bearing the ISO prefix, have been created.

Responsibility for heading each standards committee is experience in that area, with the result that seven members carry out 90 per cent of the work. Germany leads with 24 per cent of standards, Britain with 23 per cent and France with 22 per cent.

If ISO creates a standard i takes precedence over national and European standards. The

Charles Batchelor interprets the jargon used in international... standards

only area where ISO is not active is in the electrical industry. Electrical standards are the responsibility of the Inter-national Electrotechnical Commission, set up in 1907.

Address: 1, rue de Varembe, PO Box 56, CH- 1211, Geneve Switzerland. Tel. 41 22 749

New approach directives. These represent a more flexible method of achieving free trade within the European Commu-nity. They allow for directives which lay down the mandatory safety of products but which leave the detailed criteria to be set down in voluntary, har-monised standards.

Before 1985 directives had with one exception, included detailed annexes setting out the technical requirements for the product. Keeping the annexes up to date proved an unacceptable burden. The new approach directives were based on the model of the 1973 Low Voltage Directive which was more flexible.

New approach directives have been issued in fields such as toy safety, electromagnetic compatibility, construction products, heart pacemakers and gas appliances. Products meeting the criteria laid down in these directives and their supporting standards may carry the CE mark.

Quality. In a general sense, quality, like beauty, is in the eye of the beholder but in a trade context supplier and customer need to be talking an agreed language. ISO9000, the international quality standard, is based on an organisation's ability consistently to deliver a product or service that satisfies its customers' require-

The commitment to "consistency" has prompted criticism that a company could deliver a poor product but as long as it was consistently so it would still comply with the require-ments of ISO9000. In practice, defenders of the standard argue, a company committed to the idea of quality would not wish to interpret it in this min-

The British Standards Institution. Setting standards for the world. New members welcome.

OR nearly a century, BSI - the British Standards Institution has been helping industry to help itself, to become more competitive. Today nearly 13,000 British Standards help to make design and manufacturing easier, to make production more efficient and cost-effective and production systems simpler to maintain. Over 1200 new Standards are created every year and, increasingly, British Standards are being adopted worldwide. Equally, all European Standards automatically become British Standards.

On World Standards Day, here are just a few examples of how BSI helped industry to write the rules. (There's even a Standard which shows industry how to write a Standard: it's called BS 0.)

+ IN 1901, the world's first Standard reduced the number of different tramway rails manufactured from 75 to just 5 - saving £1,000,000 a year.

+ Just two years later, BSI introduced the Kitemark - one of the the world's first product quality marks.

+ During the First World War, Standards were established for the materials used in fighter planes enabling more to be built, more quickly.

+ Between the Wars, British Standards began to be adopted, first throughout the Commonwealth and then in other countries worldwide.

+ Over 400 Emergency Standards were produced between 1939 and 1945. The Standard for tins alone saved 40,000 tons of precious steel a year.

+ In 1979, BSI introduced another world first - BS5750, the quality systems Standard. This has now been adopted worldwide as ISO9000.

+ And in 1992, BSI published BS7750 - the world's first environmental management Standard.

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COMMODITIES AND AGRICULTURE

Gold price holds | EC 'green' currency proposal may not satisfy Germans on to gain after New York surge

By Kenneth Gooding, Mining Correspondent

GOLD IN London yesterday held on to gains made in late trading in New York on Tuesday and closed at US\$365.75, a troy ounce, up \$5.60.

Traders said speculative buying by New York funds pushed gold through price levels that generated "buy" signals to some computerised investment повлитея.

There was nothing in the way of new news to cause this reaction. It was nurely technical. There has been no change to the fundamental outlook for gold," said Mr Andy Smith, analyst at Union Bank of Swit-

follow-on buying in the Far East or Europe yesterday after the surge in New York. In his latest Gold Strike publication, Mr Graham Roberts,

head of the mining team at

Carr Kitcat & Aitken, part of

the Bank Indosuez Group, says

He said that there was no

it is critical that physical demand for gold should return in response to lower prices and seasonal strength "if confidence in the gold market is to return and the all important investment buying resumed. Equally, in a more cautious

gold market, the ghosts of central bank sales and producer forward selling have yet to be allayed." Mr Roberts suggests gold can be expected to trade in a range between \$365 and \$380 an ounce in the near term. China's State Council has assigned the People's Bank of China and the Economic and Trade Committee to start researching the establishment of a national gold market, the China Gold News said, reports Reuter from Beijing.

It said that this was an

important step toward gold

products entering the market

and the gold industry moving

from a planned to a market

economy. The paper, published

by the Metallurgy Industry

US maize estimate reduced still further

By Laurie Morse in Chicago

THE US Department of Agriculture has reduced its estimate of the size of the US maize harvest yet again.

The USDA's latest report, released on Tuesday night, forecast that the crop, which suffered from late planting and the summer's record deluge, would be about 6.96bn bushels, down 3.7 per cent from its September estimate. That was the fourth such reduction in as

If production does indeed fall below 7bn, it will the smallest US maize crop since 1988, a drought year.

The magnitude of the reduction surprised grain traders, who responded by buying maize futures at the Chicago Board of Trade on Wednesday morning. By midsession, maize for December delivery was up 3 cents at \$2.47% a bushel.

The short harvest, however, poses no risk to grain supplies. or even of food price inflation. as much of 1992's record crop is still in storage. Mr David Miller, analyst with the Ameriyesterday that there would be 1.1b bushels of US maize still in storage after all domestic use and export demand is "Carryout stocks will be

more than adequate," he said The USDA harvest estimate was based on an October 1 crop survey, when less than 10 per cent of the nation's maize crop had been gathered. The smaller forecast reflected cool September temperatures. which reduced yields in Iowa, and damage from scattered early frosts in Minnesota and other northern areas. Farmers with severely damaged crops are ploughing them under to qualify for government pay-

The report also reduced the USDA's soyabean production estimate to 1.89bn bushels from 1.91bn in September. Copa, the European Community farmers' lobby has raised its forecast of the 1993 EC grain crop to 167.13m tonnes, down from 161m last month and the 169.47m it esti-

mated for the 1992 harvest.

The EC grain trade lobby,

ments, rather than attempting

to harvest them.

Coceral last week put the 1993 the community's grain crop at 164.87m tonnes. It estimated the 1992 harvest at 168.47m. Copa's higher 1993 estimate mainly reflected a higher maize figure of 30.44m tonnes, against Coceral's 28.66m. The farmers' lobby also forecast a higher 1993 durum wheat crop of 6.98m tonnes, compared with Coceral's 6.15m.

By David Gardner in Brusseis

THE EUROPEAN Commission yesterday approved plans to adjust its "green money" rules, although it was not clear whether by enough to appease Germany, which is demanding protection for its farmers against income losses that would result from further rises

Brussels wants to widen the margins of currency fluctua-tion within which the "green" rates at which EC farm price supports are translated into national currencies are not changed. This would render

in the D-Mark.

German farmers less tikely. Extra EC pay-outs, more over, would only be made after

the green currency for which adjustment was sought had been down by a sufficient amount for 12 months, although the member state seeking the farm price increase could pay out an advance to its farmers, but out of national

All changes in the green money grid have been frozen for the past five weeks as a sop to Germany. Previously they were triggered when the weakest and strongest currencies in the European exchange rate mechanism drifted apart from their central rates by an aggregate of over 4 per cent in total. That total would now be 5 per cent under the commission

Through these modest adjustments, which will be laid before the BC council of farm ministers next Monday in Luxembourg, Brussels is trying to resist German pressure to restore the costly "switchover" mechanism. Under this arrangement farm prices in all member states would be lifted to follow the rise of the stron-

gest EC currencies. The commission calculates exchange rate mechanism from fronts: September last year to August 2 - when all currencies in the grid were floated within wide bands - cost the already strained farm budget an extra Ecul.5bn (£1.16m) as a result of

Brussels estimates that restoration of switchover would cost an additional Ecul.6bn in 1994-98 for each 1 per cent revaluation lts own proposals, which call

switchover.

for the member states to finance half of any green adjustments nationally, would cost less than half this. Germany's ability to apply pressure is constrained on two

• First, if EC farm prices are re-linked to the D-Mark, this will erode the nearly one third cereal price cut made in last year's reform of the Common Agricultural Policy (CAP). Those price cuts are aimed at getting EC produce prices down to world market levels after three years, and at minimising the extent to which the EC will have to comply with the 21 per cent curb on subsidised food exports over six

France still refuses to accept

years demanded as part of the

EC/US Blair House accord for

the Uruguay Round farm

the Blair House agreement, but a return to the "switchover" mechanism would make their eventual acceptance of a Uruguay Round deal involving farm trade even more difficult. • Second, east German cereals farmers have planted some 350,000 hectares more than they are entitled to under the production restraints in the CAP reform an overshoot of nearly 10 per cent.

Bonn is seeking flexibility from Brussels given the parlous state of the east German economy, and the commission will be seeking flexibility from Germany in the agri-monetary dispute, officials say.

Copper controversy is spectre at LME feast

Recriminations are continuing over the handling of this year's supply 'squeeze', writes Kenneth Gooding

price] and not a lot of downside."

(\$1,543 a tonne) and 85 cents (\$1,873 a tonne).

The sharp fall in the price in April was "a

wake-up call" to the industry, which it should still heed despite a slight recovery since then.

However, once recovery arrived - whenever that might be - demand for copper might grow

hy 10 per cent to 15 per cent in only two years

as it made up for recent minimal growth, said

Mr Yearley. "That gives a lot of upside [for the

On average annual copper demand could be

expected to increase by 2 to 2.5 per cent, requir-

ing at least an extra 200,000 tonnes of the metal a year. Also 50,000 to 100,000 tonnes of capacity

ONDON'S ANNUAL "metals week" is under everyone who is anyone in the metals business to the UK capital. And, not for the first time, the London Metal Exchange, the institution they have come to pay homage to, finds itself at the centre of controversy.

Unusual activity has kept its "flagship" copper contract in turmoil for much of this year. First prices slumped by one quarter in only five weeks, culminating in a 5%-year low in May. Several trading houses suffered huge losses – estimates range from \$50m up to about US\$140m.

There were no corporate casualties but a number of individual traders, including one reputed to have lost \$14m in the copper price collapse, are now seeking employment. More recently there has been a severe supply "squeeze". Despite lacklustre world economic conditions and LME copper stocks reaching a 15year peak, the copper price climbed steadily. There were accusations that the price was being manipulated upwards by a clever use of options. Fingers pointed at Sumitomo, the Japanese metals group, but Mr Yasuo Hamanaka, the senior manager responsible for copper trading and often described as the most powerful individual in the copper market, denied any manipulation was going on. He said the acute supply tightness was highly technical and could be traced back to the earlier sharp fall in prices.

The LME board issued two public warnings about the squeeze and some arm-twisting went on behind the scenes, but all to no avail. So, at its meeting on September 8, the board decided to take emergency action "in anticipated of the development of an undesirable situation in the copper mar-ket", and limited the daily

THE COPPER market has a "rough patch" immediately ahead, according to Mr Douglas Yearley, chairman of Phelps Dodge of the US, the world's second-largest copper producer, writes Kenneth Gooding, Mining Correspondent Weakness in demand from Europe and Japan had forced the group to revise its forecasts, he said in London.

Pheips now expected a copper supply surplus of 200,000 tonnes this year, compared with a previously-forecast 150,000 tonnes. Mr Yearley said there might even be a surplus in 1994 whereas his company earlier this year expected a deficit.

Consequently, the copper price would probebly trade in a range between 70 cents a lb

backwardation (premium over the future price for metal for mediate delivery). Since then the squeeze has disappeared and the copper

price has dropped sharply. It is far from clear what happened and those who know are not telling. Some suggest that a big deal was done against the high copper price and so there was no longer any reason to continue the squeeze. Other rumours suggest that the banks financing those behind the squeeze became concerned after the LME board took action and refused to continue to provide the necessary credit. There are even suspicions that the squeezers and those being squeezed got together to work out a compromise arrangement after the board's action. Meanwhile, the LME board is

in a classic "no win" situation. It was widely condemned for allowing the copper price to be manipulated upwards. Now it is being criticised for interfering in the market and, in particular, for using a method that apparently favoured those who were short of copper (had sold metal they did not own in the expectation of being able to buy it later at a lower price). All this is of more than academic interest.

Apart from being in London to pay homage to the LME, year. Operations by American

WORLD COMMODITIES PRICES

m, MLTN partly if you brown

metals producers and consumers are starting their "mating season", the endearing term used to describe the start of annual contract negotiations. At least half the contracts covering the six metals traded on the LME will be related directly to LME prices.

There has been growing concern that in recent years the behaviour of the LME copper price has tended to become increasingly divorced from the perceived levels of physical supply and demand.

r Martin Thompson, commercial adviser at RTZ, the world's biggest mining group, suggests the main cause is that the growth of the copper market, which is restricted to growth in copper consumption, "has fallen far behind the growth in finance available to some market operators, whose capacity to influence the price has grown accordingly. "Restriction on the supply of

metal - attributed to a Japanese company - did much to support copper's price in 1991," he writes in Mining Journal's annual review. "Heavy buying by Chinese companies, well beyond their physical purchases, performed the same service in 1992 and early this

was disappearing each year as mines became depleted. commodity funds have also been influential from time to

> "In addition, the volume of options now sold is such that covering by their sellers, by both buying and selling, has become a major 'rogue' element in the market." Mr Raj Bagri, the LME's

chairman suggested this week, in a spirited defence of his board's copper market intervention, that mobility in international money markets and a massive increase in options and other derivatives activity "makes it comparatively easy or tempting for one or more participants, individually or acting in concert, to create in any free market like ours such dominant positions so as to result in potentially undesirable situations or prac-

"We must be vigilant," he said, "and ready to deal with such situations as and when the need arises." Speaking at the LME's

annual dinner on Tuesday, Mr Bagri insisted that the board believed in free markets. "But we also have a duty and obligation to run an orderly market and we are determined that the confidence reposed by the overwhelming majority of the metals trade and industry around the world in our reference

(Priose supplied by Amalgamated Metal Trading)

Total daily terrover 30,884 lots

AM Official Karb close Open Interes

and that these prices continue to be transparently and independently established without unwarranted distortions," he declared. Mr David King, the LME's

chief executive, points out that at least 80 per cent of the exchange's business is from metals processors and consumers. Less than 1 per cent of LME turnover is from commodity fund activity compared with 25 to 40 per cent on the New York Commodity Exchange. Admittedly banks are financing \$4bn of LME stocks at present but "this is mainly on behalf of producers

Despite the criticisms, the LME is obviously doing something right. For the past four years business in tonnage terms has been increasing at an annual average rate of 30 per cent. Despite low metals prices, turnover this year will reach about US\$1,000bn, compared with \$700bn in 1992. This still leaves the LME.

trailing well behind the big US

and consumers.

commodity exchanges but it is different from them because 4 per cent of its contracts actually result in physical metal being delivered, much more than any other exchange. Mr King says the LME has three "pillars": attractive hedging facilities; an extensive warehouse network, mainly in consuming areas, for physical delivery; and a reference price. 'All these must work well because that is what the customers want."

There is still some work to

be done on the warehouse network even though there are now nearly 400 authorised to stock nearly 500 LME-approved brands sourced from about 60 countries. At present only aluminium is delivered to those in Japan while copper is excluded from those in the US. "Eventually copper and

prices continues to be justified other metals will go into Japanese warehouses and copper will go into US ones - but only when the time is right," says Mr King. "At the moment the industries in those countries

are not supportive."

The LME is also looking at the potential for warehouses in the "tiger" states of the Far East, an area of fast economic growth. Thailand, South Korea and Taiwan are all possible locations.

Mr King says the LME is also keeping a wary eye on the potential merger between the New York Mercantile Exchange and the New York Commodity Exchange, which also has a copper contract. "Nymex has big resources and trades precious metals, so a merger represents additional competition. And any Comex merger would force us to step up LME marketing in the US that market has so much growth potential," he says.

foat

grorise

While the threat of a competitive metals exchange being set up in Japan has subsided, Mr King suggests the LME must be wary about Germany. "Germany wants to be more involved in financial activities of all types and it might be on the agenda there," he says. "It is the main European consumer of metals and it has the

Many other exchanges have "gone electronic" but the LME will retain its present system where ring-dealing members shout themselves hoarse at 'open outcry' sessions several times a day.

Mr King says the LME's way of trading cannot be put on screen without too many sacrifices - there are too many "prompt" dates. In any case: "Without the open outcry sys tem you miss the body language, the expressions on faces, the way dealers say things. Screens can't provide this information".

YABEANS 5,000 bu min; centa/80lb bushei

Previous High/Low

NEW HIGHS A

LOWS FOR 18

With Frinks

WARKET REPORT

Persistent but unconfirmed talk of European production cuts helped the push ZINC prices sharply higher at the London Metal Exchange yesterday. The three months price was quoted at \$968.50 at the close, up \$38.75 on the day, and moved further ahead to \$976 in after hours trading. Dealers said the trend was also aided by investment funda covering what were believed to he substantial short positions. News of a smelter closure helped LEAD prices to add to Tuesday's strong gains, but after resistance was encountered around \$420 a torine for three months metal the

London Markets

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Dubel	\$15.18-5.282	-0.065
irent Ellend (debtd)	\$17.01-7.05	
rent Bland (Nov)	\$17,21-7,25	
/.T.J (1 pm est)	\$18.66-8.68z	-0.10
I products		
WE prompt delivery per 1	enne CIP	+ 97 -
remium, Gasaline	\$193-196	+3.5
as Ol	\$180-182	-0.6
savy Fuel Oil	562-65	
aphthe	\$160-162	
strolecia: Argus Estimates		
ther		+ 07 -
old (per troy oz)#	\$368.75	+5.60
iver (per troy cz)#	441.50c	+6.00
letinum (per troy oz)	5370.10	+7.10
Madum (per troy oz)	\$133.00	+2.25
opper (US Produced	85.50	+0.5
ed (US Producer)	34.69t	
r (Kuela Lumpur merket)	11.65m	+0.05
n (New York)	213.5a 62.0c	
nc (US Prime Western)	62.00	
stile (live weight)	115. 90 p	-0.79*
dita Angling deer	79.09p	-1.42
38 (AVA weight)†	63.25p	-0.19
indon daily sugar (raw)	\$271.7	+5.3
ondon daily sugar (white)	\$290.5	+1.0
te end Lyle export price	554870	H4.0
stley (English feed)	Unq	
laize (US No. 3 yellow)	€120	
heat (US Dark Northern)	£166.5	
ubber (Nov)♥	58,50p	+0.25
ubber (Dec)(V	59.75p	0.25
ubber (KL RSS No 1 Jul)	203.0m	+0.5
normal all Millerin of	5420.0v	
conut oil (Philippines)§	\$420.0v \$345.0u	92.6
im Oli (Malaysian)§ pora (Philippoines)§	\$345.00 \$270.0	Terro
yabeans (US) XXon "A" Index	₹184.5 55.25c	-0.5 -0.05
AMERICA TORS	35.250	14400

close, just \$1 higher on balance. London cocoa appeared happy to remain positive this afternoon but without real conviction while coffee steadied after a weaker morning but seemed unsure of its next move. London COCOA futures held on to most of their early cains. with the March position ending £9 higher at £945 a tonne. But deulers said the rise lecked real conviction. The COFFEE market steadied after a weaker morning

price retreated to \$414.50 at the

CHUO	COL - IP				\$/burel
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	17.6			.61 17.	
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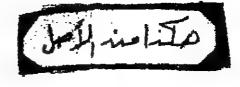
No.7 MAN SUGAR - LCS 10.95 10.82 10.02 10.00 11,12 11,13 11.20 11.15 Turnover 97 (705) tota of 50 tons COCM - LOS S/lonne

Dec	916	900	925 902
Mar	945	936	954 931
May	951	941	982 937
All .	983	942	962 R37
Sep	957	940	964 930
Dies	943	940	953 931
Mar	944	936	960 936
May	944	937	947 941
Jul	942	986	961 944
ICCO in for Oct		2001) lets o tose (SDAs (803.29) 10	f 10 tormes per formej. Delly price day average turOcz 13
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COFFE	n – LCE		\$/tome
	Close	Previous	High/Low
Nov	1186	1162	1160 1147
Jan	1177	1171	1179 1159
Metr	1167	7182	1167 1145
May	1163	1162	1160 1146
Jul .	1154	_	1100
_			
I LITTONE	r. 2111 (2	573) lots of	3 10mmes
TIC-	edior prk		ts per pound) for Oct 15 day average 68,60
TICOM	r com A co	raa keradi	to cash swarde ceren
(F6.63)			
400	100 - 40	3	Storre
	C	Previous	High/Low
	Close	Promous	
Apr	94.2	91.9	NS.0 93.0
May	108.7		108.7 108.0
		lata of 20 t	
Tompos		late of 20 t	
Tomore	r 543 (RS)	ign of 20 t	
Tomos	r 543 (85) FF – LCR Cluse	Previous	\$104ndex point
Tempos PREGI	r 543 (RS) RT – LCR Close 1403	Provious 1404	\$10/index point High/Low
Tomore PRESENT Out Nov	7 543 (85) 87 – LCR Close 1403 1424	Previous	S10/malex point High/Low 1400 1425
Tonsons PMISON Oct Nov Dec	7 543 (85) 67 – LCR Close 1403 1424 1423	Previous 1404 1426	\$10fmdex point High/Low 1403 1400 1425 1423
Tomore PMEGE Oct Nov Dec	7 543 (85) 67 - LOR Close 1403 1424 1423 1423	Provious 1404 1426 1425	S10/malex point High/Low 1400 1425
Tomore PRESENT Out Nov	7 543 (85) 67 – LCR Close 1403 1424 1423	Previous 1404 1426	\$10fmdex point High/Low 1403 1400 1425 1423
Torrows PWISO Oct Nov Osc, Ust EFF	7 543 (RS) RY - LOR Close 1403 1424 1423 1423 1423 1429	Previous 1404 1426 1425 1392	\$10fmdex point High/Low 1403 1400 1425 1423
Tomové Oct Nov Dec. Jan BFI	7 543 (85) 67 - LOR Close 1403 1424 1423 1423	Previous 1404 1426 1425 1392	\$10fmdex point High/Low 1403 1400 1425 1423
Tonore Printed Oct Nov Dec Let BIFI Turnove	Close 1403 1424 1423 1420 1409 1409 1409 1409 1409 1409 1409 140	Previous 1404 1426 1425 1392	\$10/index point High/Low 1403 1400 1425 1423 1423
Tomové Oct Nov Dec. Jan BFI	Close 1403 1424 1423 1420 1409 1409 1409 1409 1409 1409 1409 140	Previous 1404 1426 1425 1392	\$10fmdex point High/Low 1403 1400 1425 1423
Tonore Printed Oct Nov Dec Let BIFI Turnove	Close 1403 1424 1423 1420 1409 1409 1409 1409 1409 1409 1409 140	Previous 1404 1426 1425 1392	\$10/index point High/Low 1403 1400 1425 1423 1423
Torrows Out Nov Dec Jan BFF Turnover Gridaliti Wheel	7 543 (RS) RT - LOR Close 1403 1424 1423 1423 1389 101 (134	Previous 1404 1425 1425 1392)	\$10/mdex point High/Low 1405 1405 1423 1423 E/torne High/Low 99.25 97.60
Torrows Out Nov Dec Jan BFF Turnover Gridaliti Wheel	r 543 (R2) ET - LOR Close 1403 1424 1423 1423 1423 1420 r 101 (124 Close	Previous 1404 1425 1425 1392)	\$10/index point High/Low 1400 1425 1423 1423 E/come
Torrows PRISON Oct Nov Day Day Turnove Grigates Wheat Nov Day	1403 1403 1404 1424 1423 1423 1423 1423 1423 1423 142	Previous 1404 1425 1425 1392)	\$10/mdex point High/Low 1400 1425 1423 1423 2/tonne High/Low 99.25 97.50 100.70 98.40
Terrore PWISOR PWISOR Oct Nov Dec, Jast BIFI Turnove Griants Nov Nov	7 543 (85) 67 - LCR Cross 1403 1423 1423 1423 1423 1 1289 7 101 [124 Close 99.25 100.70	Provious 1404 1425 1425 1392 9 Provious 96.00 98.25 201.50	\$10/mdex point High/Low 1405 1405 1423 1423 E/torne High/Low 99.25 97.60
Terrome PWISON Out Nov Dec Jes BPI Turnove Grianne Wheat Wheat	7 643 (85) FF - LCR Close 1403 1424 1423 1423 1423 1236 101 (124 Close 99.25 102.65 194.68	Provious 1404 1425 1425 1392 9.00 98.00 98.05 190.50	\$10/index point High/Low 1495 1495 1425 1423 1423 1423 E/konne High/Low 99.25 97.50 103.77 98.40 102.55 101.25 104.65 103.20
Tomove PWISO Oct Nov Dec Ust BIFI Turnove Griants Wheat Nov May	r 543 (83) 87 - LOR Close 1403 1424 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1426 1406 1	Provious 1404 1425 1425 1392 9 Provious 96.00 98.25 201.50	\$10/index point High/Low 1400 1400 1425 1423 1423 2/lonne High/Low 99.25 97.60 100.70 99.40 102.05 101.25
Torritoria Oct Nov Dec. Berl Turnovei Griants Wheet Nov Mer Mey Nov	7 643 (85) FF - LCR Close 1403 1424 1423 1423 1423 1236 101 (124 Close 99.25 102.65 194.68	Provious 1404 1425 1425 1392 9.00 98.00 98.05 190.50	\$10/index point High/Low 1495 1495 1425 1423 1423 1423 E/konne High/Low 99.25 97.50 103.77 98.40 102.55 101.25 104.65 103.20
Territoria Perfection Oct Nov Dec	F 543 (RS) RT - LCR Close 1403 1424 1423 1423 1423 1423 1426 - LCR Close 99,25 102,65 104,60 94,00	Provious 1404 1425 1425 1392 Provious 96.00 98.05 98.05 98.05 98.05 98.00 98.00	\$10/index point High/Low 14/0 14/0 14/25 14/25 14/23
Torrows PWISSER Oct Nov Dec Jest Bert Turnover Gridants Wheel Nov May Nov Bertey Nov	1403 1403 1403 1424 1423 1423 1423 1423 1423 1423 142	Previous 1404 1425 1425 1392 Previous 96.00 98.00 98.00 98.00 98.00 Previous	\$10/mdex point High/Low 1405 1405 1425 1423 1423 1423 1423 1423 1423 1423 1423
Terremonia Prints de Prints de Nov Chec Last BFI Turnove Gridants Wheet Nov Berley Nov Jess Jess Jess Jess Turnove 7 643 (83) 87 - LCR Close 1403 1424 1423 1424 1423 1424 1425 1426 1	Provious 1404 1425 1425 1392) Provious 98.00 98.05 98.00 98.05 99.00 Provious 103.50 192.00 Provious	\$10/malex point High/Low 1400 1425 1423 1423 1423 1423 1423 1423 1423 1423	
Tomove Peterson Oct Nov Dec Set BFI Turnove Gridant Wheet Wheet Nov Berley Nov Jen Mer	7 543 (83) 87 - LCR Close 1403 1424 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1423 1424 1286 101 (124 102.05 102.05 103.00 104.00 105.70 105.70	Provious 1404 1426 1425 1392 90.00 90.00 90.00 90.00 90.25 101.50 103.50 103.45 105.40	\$10/index point High/Low 1400 1400 1425 1423 1423 1423 1423 1423 1423 1423 1423
Tonomia Prince P	7 643 (83) 87 - LCR Close 1403 1424 1423 1424 1423 1424 1425 1426 1	Provious 1404 1425 1425 1392) Provious 98.00 98.05 98.00 98.05 99.00 Provious 103.50 192.00 Provious	\$10/malex point High/Low 1400 1425 1423 1423 1423 1423 1423 1423 1423 1423
Turnover Oct Nov Dec 1871 Turnover Gridants Wheet Wheet Nov Berley Nov Jen	F 543 (RS) RT - LCR Close 1403 1424 1423 1423 1423 1423 1423 1423 1426 F 101 (124 Gone 99,25 102,65 104,60 101,70 103,60 101,70 103,67 107,25 Wheat6t	Provious 1404 1426 1425 1392 90.00 90.00 90.00 90.00 90.25 101.50 103.50 103.45 105.40	\$10/mdex point High/Low 1400 1425 1423 1423 1423 1423 1423 1423 1423 1423

A	1097-8		10,000	.5-4.6			1092.5-3.0			
3 months	1117.5	8.0	1114	-6	1120/111	4 1	1114.5-6.0	1119-2	0 2	37,993 lota
Copper, de	ude A d	per t	lannel					Total a	dally fumo	ver 22,880 for
Cash	1679-8		1679	-80	1670/188	9 1	1059.5-70.0			
3 months	1703-4		1709		1710/169		1092.5-3.0	1709-1	0 1	73,919 lots
Leed (5 per	franci							Todat	7	over 4,779 loi
		-	-	400		_	-		may dela	Sept of Lin 10s
Cosh	400.5-1 414-5	D	399-		391 418/404		91-2	440.5		
3 months		_	418-	•	110747		106-7	414-5		2,819 lota
Mickel (\$ p	a. (mani)							Total	daily turn	over 8,636 lot
Cash	4480-0		4570				1405-90			
3 months	4530-4	9	4420	-30	4590/440	9 4	1640-50	4625-3	04	8,827 lots
The IS per to	Orane)							Total	delly furn	over 2,296 lot
Cash	4675-8	3	4565	-7%		_	1945-55			
3 months	4720-3		4610		4780/4680		1885-700	4740-5	1	1,416 lots
Zhao, Speal	of (Gob o	20-6				_		Total o		
Comit	952.5-3		912-5		928.5/928	_		1000	and online	rer 28,936 lot
3 months	966-9	.3	926.5		976/930		28-8.5 44-4.5	976-7		
		-	-		270200			246-1	- 0	8,155 lots
LINE Closte SPOT: 1.52	및 UP II	1000		mr 1/0	***		moone: 12	E079	w.	
					146		mounts: 12	30/8	9.0	months 1.500
LINE AM O	Michiel St	spol	trata 1.	2230						
COMPOST 1	THU OF	1	10.45			Me	W Y	norte.		
Prices supp	plied by	M M	Plotheoli			246		UI K		
Bold (troy o	21 S pd	30	-	viapo 2		_				
						BOLL	D 100 tray	CE; Silvey C	7	
Close		0-367					Close	Freebook	High/La	
Opening Homing for	305,6	0-368		240,546		Oct	366.2	367.5	367.3	366.5
Memoan 2	2 361 A	17	4	MU.594		Nov	386.7	368.3	0	300.0
ay's Hgh	386.8	0-367	.30				367.6	369.2	308.9	367.0
lay's low	365,3	0-365	.70			Dec Feb	369.3	370.9	370.7	366.9
oco Ldn I			•			Apr	371.1	372.7	372.4	370.8
.000 L01 I		10 14	ndlag f	mees to	a nest	Jun	372.8	5744	374.0	373.0
mortifi		76	8 mor	othe .	2.89	Aug	374.6	377.9	0	0
INCRETE.		73	12 mg	Name and Address of the Owner, where	2.88	Dec	378.2	379.7	378.6	378.4
Inough	Z	.70				EAT	DE 204 SO 4	ray as; \$/tex	-	
Boar St.	p/troj	4	- 1	US cts	eguiv					
ipot	291.6			44,75			Closes	Previous	Hgh/Los	
l months	295.6			148.05		Oct	388.7	389.8	370.0	370.0
months	299.5			51.00		Jan	363.0	362.0	0	0
2 क्यानिक	307,4	0	4	459.50		Acre	371,6 373.3	371.9 273.7	374.0 374.5	370.6
						Jul	374,3	374.7	375.5	373.5 375.5
OLD COM						Apr Jel Oct	375.8	376.2	0	9
							2 5 000 b	Oy GC, Carda		
	\$ p	rice		Aupo 3	elent					
ingerend	300	.00-9	AR AN	40,80-2	43.00		Close	Previous	HighyLas	
ingle leaf	378	75-3	79.05	-		Oct.	441.3	445.1	439.0	438.0
Auple leaf Law Soverei	ign 85.0	10-86.	.00	55.00-5	8.00	Nor	443.1	443.6	0	0
						-	444.5	444.0 445.2	460	430.0
						Jen Ider Meg	447.5	448.3	448.0	444.0
TRAPED O	PIROR					-	450.8	461.3	462.0	448.0
				-	Puta	And .	460.5	454.2	453.5	451,5
	00.7%		Galla.					-	433.3	
kankdan (Calls			Sep	456.3	457.D	454.5	454.5
Municipus (Nge	Galls Feb	Max	Feb	Jul Sep Dec	458.3 460.8	457.0	454.5 487.0	454.£ 458.5
itumkdum (Arive price 075		Ngu 43		Nov	Feb	Jen	458.3 480.8 482.0	467.0 41.5 482.7	454.5 467.0 0	454.5 458.5 0
Numbelum (Nelse price 075 100		13 28	Feb 67 60			Jen	458.3 480.8 482.0	467.0 41.5 482.7	454.5 467.0 0	454.5 458.5 0
itumkdum (Arive price 075		Ngu 43	Feb 67	6	12	Jen	458.3 460.8 462.0 QPADE C	457.0 462.7 OPPER 25,0	454.5 487.0 0 100 fbs; ca	454.6 458.5 0
ikanidan (ikine price 075 100 125	8 tonne	43 28 14	Feb 67 60	6 14 27	12 20 30	HOH	458.9 460.8 462.0 GRADE C	457.0 462.7 OPPER 25,0 Previous	454.5 467.0 8 100 hs; ca High/Lou	454.5 458.5 0
ikaniskum (iktive price 1975 199) 125 Copper (Gra	8 tonne	43 28 14	Feb 67 60 36 Custo	6 14 27	12 20 30 Puls	HIGH	458.9 460.8 462.0 GRADE C	457.0 482.7 OPPER 25,0 Previous 74.45	454.5 467.0 8 100 fbs; ca High/Lou 76.30	454.5 458.5 0 183/fbs
Munikdum (Mre price 075 100 125 Copper (Gra 850	8 tonne	43 28 14	Feb 67 60 36 Cafe	6 14 27	12 20 30 Puls	HOH	458.9 460.8 462.0 GRADE C	467.0 462.7 OPPER 25.0 Previous 74.45 74.80	454.5 467.0 8 100 fbs; car High/Lou 76.30 78.50	454.5 458.5 0 76.20 76.70
itunkelum (itse price 075 100 125 copper (Gra 850 700	8 tonne	43 28 14 70 39	Feb 67 60 36 Callo 104 74	6 14 27 16 35	12 20 30 Puls 31 50	Jan HIGH Oct Nov	458.3 480.8 482.0 GRADE C Close 76.25 78.50	457.0 482.7 OPPER 25,0 Previous 74.45	454.5 467.0 8 100 fbs; ca High/Lou 76.30	454.5 458.6 0 18a/fbs 76.20 75.70 75.25
Munikdum (Mre price 075 100 125 Copper (Gra 850	8 tonne	43 28 14	Feb 67 60 36 Cafe	6 14 27	12 20 30 Puls	HIGH Cet Nov Dec	458.9 480.8 482.0 GRADE C Close 78.25 78.60 78.90	467.0 462.7 OPPER 25.0 Previous 74.45 74.90 76.20	454.5 487.0 0 100 fts; ca High-Lou 78.30 78.50 77.25	454.5 458.5 0 76.20 75.70 75.25
itunkelum (itse price 075 100 125 copper (Gra 850 700	8 tonne	43 28 14 70 39	Feb 67 60 36 Callo 104 74	6 14 27 16 35	12 20 30 Puls 31 50	Jan HIGH Roy Dec Jos Feb	458.3 460.8 462.0 GPADE C Close 76.25 76.90 77.15 77.40 77.65	467.0 462.7 OPPER 25,0 Previous 74.90 74.90 75.45	454.5 467.0 8 100 fts; ca High/Lou 76.30 78.50 77.25	454.5 458.5 958.5 76.20 76.70 75.25 0
ikanklun (ikise price 075 100 125 copper (Zee 850 700	8 tonne	70 39 19	Feb 67 60 36 Cells 104 74 51	6 14 27 16 35 65	12 20 30 Puls 31 50 75	Jan HIGH Roy Dec Jos Feb	458.9 462.0 GRADE C Close 76.25 76.90 77.40 77.40 77.40 77.80	457.0 462.7 OPPER 25.0 Provious 74.45 74.90 75.45 75.70 78.20	454.5 467.0 8 100 lbs; ca High/Lou 76.30 78.50 77.25 0 0	454.5 458.5 7 75.20 7 75.20 0 0
ikanklun (ikise price 075 100 125 copper (Gra 850 750 750	8 tonne	70 39 19	Feb 67 60 36 Culte 104 74 51	6 14 27 16 35 65	12 20 30 31 31 50 75	Jan HIGH Nov Dec Jan Feb Mer Agr May	458.9 482.0 GPADE C Close 74.25 78.50 77.15 77.40 77.65 77.90 78.16	457.0 462.7 OPPER 25.0 Previous 74.45 74.90 75.45 75.70 78.00 78.25 79.55	454.5 467.0 100 fbs; ca High/Lou 76.30 78.50 77.25 0 78.00 0 78.40	454.5 458.5 8 76.20 76.20 75.25 0 76.20
distribution (little price 100 125 copper (Gra 850 700 750 coffee LCE	8 tonne	70 39 19	Feb 67 60 36 Cufe 104 51 51 Jan 111	14 27 16 35 95	12 20 30 Pulsa 31 50 75	Jen High High Dec Jes Feb Mer Apr Jen	458.3 482.0 GPADE C Close 76.25 78.90 77.15 77.40 77.45 77.40 78.15 78.40	457.0 452.7 OPPER 25,0 Previous 74.90 76.20 75.70 78.00 78.25 78.80	454.5 467.0 0 0 High-Lou 76.30 78.50 77.25 0 0 78.60 0 78.40	454.5 458.5 7 76.20 75.70 75.25 0 0 76.20 9
Hamileleum (Helive prices 100 125 Copper (Gra 850 700 750 Coffee LCE	8 tonne	70 39 19 19 19	Feb 67 60 36 Cafe 104 51 Jan 111 82	14 27 16 35 65 Nov 8	12 20 30 Puis 31 50 75	Jan HIGH Nor Dec Jan Feb Mer Agr May Jan Jan	458.3 460.8 462.0 GRADE C Close 76.50 76.90 77.40 77.40 77.40 77.40 78.16 78.05	457.0 462.7 OPPER 25.0 Previous 74.90 76.20 75.70 78.00 78.25 79.80 77.10	454.5 467.0 8 100 hts; ca High/Lou 76.50 77.25 0 78.60 0 78.40 0 78.90	454.5 458.5 7 76.20 75.70 75.70 76.20 0 76.20 0 76.20
distribution (little price 100 125 copper (Gra 850 700 750 coffee LCE	8 tonne	70 39 19	Feb 67 60 36 Cufe 104 51 51 Jan 111	14 27 16 35 95	12 20 30 Pulsa 31 50 75	Jan HIGH Nor Dec Jan Feb Mer Agr May Jan Jan	458.3 460.8 462.0 GRADE C Close 76.50 76.90 77.40 77.40 77.40 77.40 78.16 78.05	457.0 462.7 OPPER 25.0 Previous 74.90 76.20 75.70 78.00 78.25 79.80 77.10	454.5 467.0 8 100 hts; ca High/Lou 76.50 77.25 0 78.60 0 78.40 0 78.90	454.5 458.5 7 76.20 75.70 75.70 76.20 0 76.20 0 76.20
Hamileleum (Helive prices 100 125 Copper (Gra 850 700 750 Coffee LCE	8 tonne	70 39 19 May 74 39 19	Feb 67 60 36 Cufe 104 74 51 Jan 111 62 50	8 14 27 16 35 65 16 35 65	12 20 30 75 50 75	Jan HIGH Nor Dec Jan Feb Mer Agr May Jan Jan	456.3 460.3 460.3 462.0 GPADE C Close 76.50 76.50 77.40 77.45 77.40 78.40 78.40 78.55	457.8 462.7 OPPER 25.0 Previous 74.45 74.90 75.45 75.75 78.00 78.26 78.26 78.10 78.27 78.00 78.26 77.10	454.5 487.0 8 100 ha; ca High/Lon 78.50 77.25 0 78.00 0 78.00 0 78.00 0 78.00 0	454.5 458.5 0 76.20 75.70 75.25 0 76.20 0 78.70 78.90
Municipal de la composición del composición de la composición de la composición de la composición del composición de la	8 tonne	70 39 19 May 74 39 17 Dec	Feb 67 60 36 Cufe 104 74 51 Jan 111 82 56 Mar	8 14 27 16 35 65 Mov 8 23 51 Date	12 20 30 30 Puin 31 50 75 Jun 34 35 81	Jen High Hey Dec Jes Feb Mer Apr Jen Jen Jen Jen	450.3 460.3 460.0 GRADE C Closs 78.25 78.90 77.15 77.40 77.95 77.40 78.95 E CRL (Agr	457.8 482.7 OPPER 25,0 Provious 74.45 74.45 75.45 75.45 75.45 75.45 76.20 76.26 76.26 76.26 76.26 76.20 77.10 14.42,007.0 19.42 19.4	451.5 461.0 9 100 bs; ca High/Lon 76.30 77.35 0 78.60 0 78.40 0 78.90 S gant \$5	454.5 458.5 0 712.70 75.70 75.25 0 76.70 76.70 0 76.70 0 78.70
Municipal de la compara de la	8 tonne	70 39 19 May 74 39 17 Dec 97	Feb 67 60 36 Cufe 104 74 51 Jam 111 62 58 Mer 140	8 14 27 16 35 65 Nov 8 23 51 Date	12 20 30 30 75 31 50 75 34 Mar 20	Jen Hight Heav Dac Jen Jen Jul CHUO	456.3 462.0 GPADE C Cross 78.25 78.20 77.45 77.40 77.45 78.46 78.65 € OR. (Ugi	457.0 462.7 OPPER 25.0 Provious 74.45 75.70 75.70 78.00 78.25 78.55 78.00 78.75 78.00 78.75 78.00 78.75 78.70 78.70 78.71 18.71	451.5 461.0 9 100 hs; ca High/Lon 78.30 79.30 0 0 78.40 0 78.30 S gate \$/5 High/Lon 18.71	454.5 458.5 0 75.70 75.70 75.25 0 76.20 0 76.20 0 76.70
Municipal de la constante de l	8 tonne	70 24 39 17 Dec 97 77	Feb 60 36 Cafe 104 51 51 52 59 Mar 140 122	8 14 27 16 35 95 95 10 10 10 10 10 10 10 10 10 10 10 10 10	12 20 30 30 Pain 31 50 75 34 55 81 Mar 27	Jan HIGH New Data Felo Jan High Jan Jan Jan Jan CHUO Dice	450.3 460.3 460.3 460.0 GRADE C Closs 78.25 78.25 78.90 77.45 77.40 78.40 78.40 78.65 FB.40 78.65 18.62	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 75.45 75.70 76.26 75.70 76.26 77.10 14.70 (10) 14.71 18.71	451.5 467.0 9.0 100 lbs; ca High/Lon 76.50 0 78.60 0 78.60 0 78.40 0 78.40 0 78.40 18.77 18.77	454.5 458.5 0 76.20 75.70 75.25 0 0 76.20 0 78.90 0 78.90
Municipal de la compara de la	8 tonne	70 39 19 May 74 39 17 Dec 97	Feb 67 60 36 Cufe 104 74 51 Jam 111 62 58 Mer 140	8 14 27 16 35 65 Nov 8 23 51 Date	12 20 30 30 75 31 50 75 34 Mar 20	Jen High New Jas Feb Jan Jan Jan Jan Jan Jan Jan Jan Jan Jan	452.9 462.9 462.0 GRADE C Close 76.50 76.50 77.40 77.40 77.40 78.15 78.40 78.05 E GR. (Light 18.86 18.82 18.92	457.0 462.7 462.7 462.7 462.7 462.7 462.7 46.90 76.20 76.20 76.25 76.26 76.26 76.26 76.26 76.27 76.00 76.26 76.27 18.30 18.71 18.30 18.71	451.5 467.0 1000 fbs; ca High/Los 79.50 78.50 0 0 78.40 0 78.40 0 78.40 18.77 18.97 18.97	454.5 458.5 78.705 75.70 75.70 75.25 0 76.20 0 76.70 78.90 0 78.90 0 10.50 14.74 18.85
Municipal de la compara de la	\$ tonne	70 39 19 19 177 Dec 97 77 59	Feb 60 36 Cafe 104 51 51 52 59 Mar 140 122	8 14 27 16 35 95 95 10 10 10 10 10 10 10 10 10 10 10 10 10	12 20 30 31 31 50 75 75 Jun 24 25 27 34	Cot Nov Dec Jan Feb Mar Apr Jul CRUD	450.8 450.8 450.0 GRADE C Close 76.25 76.50 77.40 77.40 77.40 77.40 78.16 78.40 78.40 8 GR. (July Lutont 18.28 18.21 18.97	457.0 462.7 OPPER 25.0 Provious 74.45 75.20 75.70 78.00 78.25 78.00 78.55 78.90 7	451.5 467.0 9.0 100 fbs; ca Highlon 78.50 77.25 0 0 78.50 0 78.50 0 78.50 0 78.50 0 18.71 18.87 18.87 18.87	454.5 458.5 0 75.20 75.20 75.20 76.20 0 78.70 78.20 0 78.70 78.90 0 78.90 0 10.50 14.74 18.84
Municipal de la constante de l	\$ tonne	70 24 39 17 Dec 97 77	Feb 60 36 Cafe 104 51 51 52 59 Mar 140 122	8 14 27 16 35 95 95 10 10 10 10 10 10 10 10 10 10 10 10 10	12 20 30 31 31 50 75 75 Jun 24 25 27 34	Jan HIGH Nov Das Feb Mar Apr Jul CRUD Nav Das Jul Mar Nav Das Das High Jul Das High Jul Das High Jul Das High Jul Das High Jul High Hig Hig Hig Hig Hig Hig Hig Hig Hig Hig	452.9 462.9 462.0 GRADE C Close 76.50 76.50 77.40 77.40 77.40 78.15 78.40 78.05 E GR. (Light 18.86 18.82 18.92	457.1 462.7 OPPER 25.0 Produs 74.45 74.45 74.95 75.70 76.26 76 76.26 76 76 76 76 76 76 76 76 76 76 76 76 76	451.5 461.0 000 http: ca High/Lon 70.50 77.25 0 78.40 0 78.40 0 78.50 18.71 18.87 18.95 19.09	454.5 458.5 0 70.20 75.70 75.25 0 76.20 0 78.70 78.70 78.70 0 78.70 10.50 14.50 14.50 14.85 19.02
Support (San 850) Codine LCE 1100 1100 1100 1100 1100 1100 1100 11	\$ tonne	70 39 19 Nov 24 39 17 Dec 97 77 56 Nov	Fela 67 69 36 Coffe 104 74 51 111 82 59 Mar 140 140 Coc	8 14 27 16 35 95 95 Nov 8 23 51 Osc 6 11 18	12 20 30 30 Pulm 31 50 75 34 85 81 Mar 27 34 Dec	Oct Nov Date Hay Jan Hay Jan Hay Jan Hay Date Hay Jan Hay Jan Hay Jan Hay Jan Hay Jan Hay Apr Hay Apr Hay Hay Apr Hay Hay Hay	452.9 462.8 462.9 462.0 GRADE C Close 76.50 76.50 77.40 77.45 77.40 78.65 78.65 E CRL (Agl 18.96 18.96 18.97 18.98 18.91	457.0 462.7 OPPER 25.0 Provious 74.45 75.20 75.70 78.00 78.25 78.00 78.55 78.90 7	451.5 461.0 000 has ce High/Lon 70.50 77.55 0 78.40 0 78.50 0 78.50 0 78.50 18.77 18.85 19.08 19.12 19.12 19.12 19.12	454.5 458.5 0 75.70 75.70 75.25 0 76.20 0 76.20 0 76.70 0 78.90 0 0 18.56 18.94 19.02 19.02
Municipalistics of the control of th	\$ tonne	70 39 19 19 17: 59 17: 59 Nov 72	Felo 67 60 36 Cafe 104 74 51 111 82 56 Mar 122 104 Cec	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 30 30 75 31 50 75 81 Mer 20 27 34 Dec	Jan HIGH Oct Nov Dec Jos Feb Jul High CRUD Nev Dec Jul Agr High Agr High Jul Jul Agr High Jul	452.9 462.9 462.9 462.0 GRADE C Close 76.25 76.50 76.50 77.40 77.45 77.40 77.45 78.45 78.45 18.86 18.86 18.86 18.87 18.91 18.97 18.97	457.3 462.7 OPPER 25.0 Provious 74.45 75.47 76.20 75.47 76.20 76.2	451.5 467.0 100 hs; ca High/Los 79.50 78.40 0 78.40 0 78.40 0 78.40 18.77 18.87 18.87 18.87 19.05 19.14 19.23	454.5 458.5 0 70.20 75.70 75.25 0 76.20 0 78.70 78.70 78.70 0 78.70 10.50 14.50 14.50 14.85 19.02
Municipal Annie Company (Caraca Caraca Carac	\$ tonne	70 39 18 May 74 39 17 Dec 97 77 59 Nov 72 28	Felo 67 60 36 Culto 104 74 51 111 82 88 Mar 122 104 Dec 58	8 14 27 16 35 95 95 Nov 8 23 51 Osc 6 11 18	12 20 31 50 75 75 Jun 24 55 81 Mar 27 34 Cec 20	Jan Hold Oct Hope Jon Fish Ager Jan CHILD Ager Jan Ager Jan	452.9 462.8 462.9 Chose 76.26 76.26 76.96 77.90 77.90 78.16 78.40 78.40 78.40 78.40 18.80 18.92 18.91 18.92 18.91 18.93 18.91 19.23	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 74.45 75.26 75.70 76.26 75.70 76.26 77.10 14.47,007.0 Previous 18.71 18.89 18.15 19.29 18.29 18.29 18.29	451.5 461.0 6 100 hts; ca High/Lon 78.30 78.30 0 0 78.40 0 78.40 0 78.40 0 78.50 18.71 18.85 19.05 19.05 19.05 19.05 19.05 19.05 19.15 19.32	454.5 458.5 0 76.20 75.70 75.25 0 76.20 0 78.90 0 78.90 0 10.55 14.74 18.85 18.94 19.02 19.17
Municipalistics of the control of th	\$ tonne	70 39 19 19 17: 59 17: 59 Nov 72	Felo 67 60 36 Cafe 104 74 51 111 82 56 Mar 122 104 Cec	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 30 30 75 31 50 75 81 Mer 20 27 34 Dec	Jan HIGH Oct Nov Dec Jos Feb Jul High CRUD Nev Dec Jul Agr High Agr High Jul Jul Agr High Jul	452.9 462.9 462.9 462.0 GRADE C Close 76.25 76.50 76.50 77.40 77.45 77.40 77.45 78.45 78.45 18.86 18.86 18.86 18.87 18.91 18.97 18.97	457.3 462.7 OPPER 25.0 Provious 74.45 75.47 76.20 75.47 76.20 76.2	451.5 467.0 100 hs; ca High/Los 79.50 78.40 0 78.40 0 78.40 0 78.40 18.77 18.87 18.87 18.87 19.05 19.14 19.23	454.5 458.5 0 75.20 75.20 75.20 0 76.20 0 76.70 78.90 0 76.70 0 78.90 0 10.50 14.74 18.85 18.94 19.12 19.11 19.17 19.22
Municipal Annie Company (Caraca Caraca Carac	\$ tonne	70 39 18 May 74 39 17 Dec 97 77 59 Nov 72 28	Felo 67 60 36 Culto 104 74 51 111 82 88 Mar 122 104 Dec 58	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 31 50 75 75 Jun 24 55 81 Mar 27 34 Cec 20	Jan Hold Oct Hope Jon Fish Ager Jan CHILD Ager Jan Ager Jan	452.9 462.8 462.9 Chose 76.26 76.26 76.96 77.90 77.90 78.16 78.40 78.40 78.40 78.40 18.80 18.92 18.91 18.92 18.91 18.93 18.91 19.23	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 74.45 75.26 75.70 76.26 75.70 76.26 77.10 14.47,007.0 Previous 18.71 18.89 18.15 19.29 18.29 18.29 18.29	451.5 461.0 6 100 hts; ca High/Lon 78.30 78.30 0 0 78.40 0 78.40 0 78.40 0 78.50 18.71 18.85 19.05 19.05 19.05 19.05 19.05 19.05 19.15 19.32	454.5 458.5 7 75.20 75.70 75.25 0 76.70 78.20 0 78.70 0 78.90 0 78.90 0 10.50 14.74 18.94 19.02 19.17 19.22 19.17 19.22 19.22 19.22 19.22 19.22 19.22
Municipal Annie Company (Caraca Caraca Carac	\$ tonne	70 39 18 May 74 39 17 Dec 97 77 59 Nov 72 28	Felo 67 60 36 Culto 104 74 51 111 82 88 Mar 122 104 Dec 58	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 31 50 75 75 Jun 24 55 81 Mar 27 34 Cec 20	Jan Hold Oct Hope Jon Fish Ager Jan CHILD Ager Jan Ager Jan	452.9 462.8 462.9 Chose 76.26 76.26 76.96 77.90 77.90 78.16 78.40 78.40 78.40 78.40 18.80 18.92 18.91 18.92 18.91 18.93 18.91 19.23	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 74.45 75.26 75.70 76.26 77.10 18.71 18.98 18.97 18.15 19.29 18.29 18.29 18.29	451.5 461.0 6 100 hts; ca High/Lon 78.30 78.30 0 0 78.40 0 78.40 0 78.40 0 78.50 18.71 18.85 19.05 19.05 19.05 19.05 19.05 19.05 19.15 19.32	454.5 458.5 7 75.20 75.70 75.25 0 76.70 78.20 0 78.70 0 78.90 0 78.90 0 10.50 14.74 18.94 19.02 19.17 19.22 19.17 19.22 19.22 19.22 19.22 19.22 19.22
Municipal Annie Company (Caraca Caraca Carac	\$ tonne	70 39 18 May 74 39 17 Dec 97 77 59 Nov 72 28	Felo 67 60 36 Culto 104 74 51 111 82 88 Mar 122 104 Dec 58	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 31 50 75 75 Jun 24 55 81 Mar 27 34 Cec 20	Jan HIGH Oct Hay Dac Fish Mar Fish Mar Fish Mar Fish Mar Fish Mar Fish Jun	452.9 452.9 452.0 GRADE C Closs 76.50 76.50 77.40 77.45 77.46 78.16 78.16 18.26 18.26 18.26 18.21 18.21 18.21 18.23 19.23 19.23	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 74.45 75.26 75.70 76.26 77.10 18.71 18.98 18.97 18.15 19.29 18.29 18.29 18.29	451.5 461.0 6 100 hts; ca High/Lon 78.30 78.30 0 0 78.40 0 78.40 0 78.40 0 78.50 18.71 18.85 19.05 19.05 19.05 19.05 19.05 19.05 19.15 19.32	454.5 458.5 7 75.20 75.70 75.25 0 76.70 78.20 0 78.70 0 78.90 0 78.90 0 10.50 14.74 18.94 19.02 19.17 19.22 19.17 19.22 19.22 19.22 19.22 19.22 19.22
Municipal Annie Company (Caraca Caraca Carac	\$ tonne	70 39 18 May 74 39 17 Dec 97 77 59 Nov 72 28	Felo 67 60 36 Culto 104 74 51 111 82 88 Mar 122 104 Dec 58	8 14 27 16 35 95 Nov 8 23 51 Date 8 11 18	12 20 31 50 75 75 Jun 24 55 81 Mar 27 34 Cec 20	Jan HIGH Oct Hay Dac Fish Mar Fish Mar Fish Mar Fish Mar Fish Mar Fish Jun	452.9 462.8 462.9 Chose 76.26 76.26 76.96 77.90 77.90 78.16 78.40 78.40 78.40 78.40 18.80 18.92 18.91 18.92 18.91 18.93 18.91 19.23	467.7 462.7 OPPER 25.0 Previous 74.45 74.45 74.45 75.26 75.70 76.26 77.10 18.71 18.98 18.97 18.15 19.29 18.29 18.29 18.29	451.5 461.0 6 100 hts; ca High/Lon 78.30 78.30 0 0 78.40 0 78.40 0 78.40 0 78.50 18.71 18.85 19.05 19.05 19.05 19.05 19.05 19.05 19.15 19.32	454.5 458.5 75.20 75.27 75.25 0 76.20 76.20 0 76.20 0 78.70 0 78.90 0 78.90 0 10.50 14.74 18.94 19.02 19.17 19.22 19.17 19.22 19.22 19.25

HEAT	140 OIL	42,000 US g	refs, cente	/US cells	_ c	hica	on
_	Latest	Previous				YABEAKS	
Nev	56.80	58.22	56.30	55.70			
Deg	54.65	57.07	56.80	56.50		Close	F
Jan	57.10	87.82	57,25	57.05			
Pelo	57.05	57,42	57.10	57.00	Je:		
ADE	58.10 54.90	56.42 55.22	66.10 65.00	56.00	M		
May	53.85	54.17	63.95	84.9Q 53.90	Jul		
Jun	53.25	53,62	53.50	63.25	Au		6
Jul	53.40	83.74	53,10	63,10	Se		
Awg	54.00	84.29	0	0	No		
0000	A 10 tors	nuic\$/tonner			_ ==	YASEAN C	IL 60,0
	0	Previous	High/Lo	NA .	~		2
Dec	1137	1134	1151	1123	De		2
Mar	1176	1174	1195	1183	Jar		2
May	2191	1188	1200	1100	Ma Ma		2
شية (كون	1210	1204 1222	1222	1200	Jul	22.90	2
Osc	1240	1234	1240 1248	1240	Aug		2
1	1251	1247	1283	1840	54	22.70	_ 2
May	1266	1256	1266	1261	80	YABEAN M	EAL 10
Jul .	1276	1270	9	0		Close	P
Sep	1298	1289	9	0	0	192.2	11
- COTT	Z 75 37	,500lbs; car	refibe		. Dec Jen		15
	Close	Previous	High/Lo	*	- Man	191.9	10
Dec	73.05	72.45	73.25	72.10	- Mag		76
Mar	75.05	75.00	75.80	74.95	Jeá	195.8	19
May	70.70	76.50	77.25	78.35	Aug Sep		16
Ju	78.20	77.80	78.00	78.00			16
Sap	79.50	79.10	79.50	79.10	MA	ZE 5,000 b	u min;
Dec Mer	81.80 84.25	81.25 84.80	81.00	81.00	-	Closes	Pr
		*11" 112,0		0	Dec		24
			UV IDS; CE	HOM/IDS	May		25 25
	Close	Previous	High/Los	el .	أغياك	263/6	26
Mer	10,62	10.79	10.71	10,60	— Sep		25
Many	10.76	10.89	10.80	10.72	Deg Mar		24 28
Jui Oct	10,82	10.93 10.94	10.83 10.86	10.78		EAT 5,000 b	
COTTO		lbe; ounte/fi		10.85	_ =	Close	Pr
	Close	Previous	High/Los		— Dec	325/0	32
Osc	58.27	89.58			Mar May	327/2	32
Mar	58.87	81.08	59,70 61.15	56.18	Ju	321/8 310/8	323
May	80,75	61.72	61.80	59.81 90.60	Sep	315/2	31
Jel	61.30	62.35	82.50	51.15	Dec	324/6	32
Oct	61.37	62.90	0	0	LIVE	CATTLE 4	0.000
Dec Mar	61.80 62.36	12.75 23.90	82,80 0	81.45	_	Close	PN
_		15,000 Ross		0	_ Oct	71,100	70.
Q1 2010		ISTON INC.	CHITTEN TO I		Dec	73.625	73,
	Cicso	Previous	High/Low		- Feb	74.450	73.
Nov	116.05	129.25	123.00		_ Apr	75,700	75.
Jan	125.95	130.95	125.95	109.25 125.95	Aug	72.950 71.200	72. 71.
Mar	127.70	132.70	127.70	127.70	Oct	72.000	71.
May	128.70	133.70	128.70	128.70	LIVE	HOGS 40,0	00.2~
Jul Seo	129.70 130.00	134.70	129.70	129.70		Close	
Nov	128.25	135,00 133,25	0	0	Oct	49,625	Pre
Jun	126.25	133.25	ū	0	Dec	49.625 50.375	50. 61.
Mar	128.25	133.25	0	ā	Feb	50.250	61.
					Apr	48.325	48.
MDK					Jun Jul	52,550	53.0
REJ	ERS (Bus	e:Septembe	r 18 1931	= 100	Aug	51,525 49,900	52.0
	Oct 13	Oct 12	ments ago		Oct	45.900	90.: 46.:
	1583.6	1578.4	1634,4	1602.0	POR	(BEILLIES .	
DOM		3456: Dec. 3				Close	Pres
	Oct 12	Oct 11	mun 30c		Feb	57,875	59.1
Spot Futures	118,77	119.51 127.36	121.74	114.25	Mer Mey	57 700	58.9
-	- 1001499	***************************************	125.53	115.00	Jul	57.500	69.0

	-	Citotal	Phones	High/Lov	<u> </u>	
	Nav	612/4	814/6	\$16/4	8104	
	Jen Mer	819/0	621/6 626/2	624/0 630/0	625/0	
	Mey	650/2	631/6	633/0	626/6	
	Jui	634/2	635/6	638/0	633/0	
	Aug Sep	634/0 625/0	635/0 625/0	835/0	832/4	4
	Nov	817/0	617/2	627/G 619/G	824/0 615/4	
_	SOY		. 60,000 fbs;		010-	Ť
_	_	Close	Previous	High/Low		_
	Oat	22.21	22.50	22,80	22.15	
_	Dec	22.47	22.69	22.80	22.38	
	Jan Mar	22.60 22.61	22.79 23.01	22.89	22.50	
	May	22.86	23.08	23.07 23.15	22.70 22.83	
	Jul Aug	22.90	23.12	23.25	22.86	
	Sep	22.78 22.70	22.95 22.86	22.90 22.80	22.75 22.70	
	80Y/		AL 100 tons;			_
		Close	Previous	High/Law		_
_	Oct	192.2	192.0	192.8	191.2	_
	. Dec	191.2	190.8	191.8	189.6	
_	Mar	191.9 193.1	191,2 192,1	192.3	190.5	
-	Many	194.0	793.1	193.3 194.4	191.5 182.7	
	Jeá Aug	195.8	195.0	196.3	194.6	
	Sep	195.5 195.5	195.3 195.2	196.3	184.8	
			min; cente/5	196.0	195.0	
	-	Close	Previous.			4
	Dec	249/2	244/2	High/Low	2404	_
_	Mar	257/0	252/4	249/4 257/2	2464 . 2544	
-	May	261/4 263/6	257/0	261/6	258/6	
-	Sep	257/4	260/0 255/2	264/0 258/0	261/4 255/4	
	Deg	251/0	249/4	251/4	249/4	
		257/4 T 6 500 b	256/0	0	0	-
_	-		min; cents/g	Ob-bushel		-
	-	Close	Previous	High/Low		_
_	Dec Mar	325/0 327/2	326/6 328/6	327/4	323/2	
-	May	321/6	323/0	329/2 323/8	325/4 320/6	
	Juf Sep	310/8 315/2	311/0	311/8	300/4	
	Dec	324/8	316/0	0	D	
	LIVE	ATTLE 40	,000 lbs; cent	0	0	-
		Close	Previous			-
_	Oct	71.100	70.775	High/Low 71,250	70.000	-
_	Oec Feb	73.625	73.000	73,700	70.000 72.450	
	Apr	74.450 75.700	73.900	74.500	73,475	
-	-lun	72.950	75.300 72.400	75.775 73.100	75.090 72.200 .	
	Aug	71.200 72.000	71.000	71.300	70.900	
			71.400	72.100	71,250	
			O ib; cents/lb	6		
	Oct	Close	Previous	High/Law		-
	Dec	49.625 50.375	50.450	60.250	49,400	
	Feb	50.250	61.475 61.200	61,200 _	50,250	
	Apr	48.325	48.850	51.000 48.900 ·	50.175 48.250	
	Jun Jun	52.550	53.050	52.950	52.360 ··	
	Aug	51,525 49,900	52,000	52.000	51,400	
	Oct	45.900	90.300 46.200	60.300 45.900	49,500 45,650	
	PORK !	BUILLIES 4	0,000 lbs: cm	de/in		-
		Close	Previous			•
	Feb	57,875	59.160	High/Low :	5778	•
	Mar	57 700	58.925	58.900 58.700	57.77 5 . 57.660	
	Jul	57.500 58.400	69.000	58.90A	67.500	
	Aug	56.600	59.275 57.700	58.800 ·	57.850 66.600	



81.80 1121.40

81.78 1248.62

39.65 1148.14

37.49 1339.43

14.94 1236.44

6.85 1/25.78

16.89 1229.38

39.47 988.19

59.33 825,72 17.70 871.87

43.63 1181.12

34,68 1188,99

28.85 VIIII.//

44.68 1412.79

26.42 1064,16

15.40 TWO A

10.19 1555.50

3071.2

3468.1 1636.3

U1.52 28.16 1299.30

5.51 22.51 38.75 1158.07

3095.8 3478.3

19.92 69.75 1102.96

16.83 29.90 1038.56

25.30 17.74 1194.50

THE UK SERIES

FT-A ALL-SHARE

1526.24 -5.61

22.26

19.79

21,97

35.38 32.94

2.90 50.11 31.98 1387.88

Dividend Earnings P/E yield % Nield % Risile

5.57

6.20 5.52

3.88 4.30

6.67

18.16

18.33

6.75 17.81

7.07 15.84

JUN 22.14

11.23 9.84 8.11 1A.44

6.15 19.84

4.52 27.64

22.41

16.10 High/day

3080.9 3468.9 1540.1

5.18 25.28

8.13 19.97 47.49 1113.00

3.75 47,13 22,83 1406,85

3.B1

3.62 3.74

329

3.85

3.35 3.56

2.21

4.69

3.49

3,70

3.93

3.71

3.54

2.79 3.70

3.70

15.00

3075.6 3468.6 1630.0

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Forte float

By Terry Byland,

UK Stock Market Editor

domestic economy unsettled

the London stock market badly

yesterday. However, shares ral-

lied well before the close on

hopes that the unexpected fall

in manufacturing output will

limit the scale of any tax

increases in next month's bud-

get from Mr Kenneth Clarke, the UK chancellor of the exche-

Base rate optimism remained

a factor, in spite of the rise in

THE announcement by Forte shares rallied up to 225p, evenaverage 2.6m.

announcement and the reaction of the shares. Although there has been talk of the move for several weeks, the news was not expected until next year, with a flotation pre-dicted in early 1994. Speculaious than previously thought to reduce its gearing was heard among leisure specialists, most of whom put the group's debts

at around £1.2bm to June 1994. Estimates of the airport catering division's worth are above £200m, with the effect on Forte's balance sheet around £150m if it retains its 25 per cent stake, as proposed. With more sales forthcoming, Forte's debt situation should become more manageable. The sale of its Harvester pub chain - Allied Lyons is now being strongly tipped as the buyer - is expected shortly, and should contribute some £100m. The expected flotation of Gardner Merchant - in which Forte has

Mr Bruce Jones at Smith

LOWS FOR 1993

Economic data upsets share prices that the scope of the chancellor to increase taxes in November THE LATEST data on the

is now "very limited indeed". For the near term view in the stock market, this sounded like relatively good news and the initial setback in shares was soon checked. Helped by a similar rally in bonds and by continuing firmness in short sterling, the stock market reduced its losses and trading volume increased.

By the close, Seaq volume had jumped to 659.2m shares from the 537.1m of the previous session. Tuesday's retail trading value of £1.24bn confirmed the healthy levels of genuine

investment activity. Non-Footsle business, at around 56 per cent of the Seaq total, was around daily average levels. The FT-SE Mid 250 Index followed the market trend, shedding 6.6 points to next month's budget, suffered

TRADING VOLUME IN MAJOR STOCKS

Retail and consumer issues gave up a few pence on increased trading volume as investors assessed the outlook for interest rate prospects following the statistics on the UK economy. Building and construction shares, additionally unsettled this week by reports that public infrastructure

The blue chip international stocks, however, were left on the sidelines as attention focused on the domestic economy. With Wall Street quiet overnight and only about 5 points up in its new session during London hours, there was little lead for the transatlantic larges. spending may be targeted in

Both oil and pharmaceutical stocks were a few pence easier amid signs that the institutions were shuffling portfolios in these heavily-weighted sectors rather than changing their investment stance towards

Today brings another round of important UK economic data, with the stock market likely to focus on the unemployment figures for last month which will now be scanned with increased attention for evidence of the pace of economic recovery. Forecasts range from around 5,000 either side of the previous month's total. Also due today are the

Account	Dealing	Dates
*Hirst Dealings: Oct 4	Oct. 18	Nov 1
Option Decignation Oct 14	Cot. 20	New 11
Last Dealings: Oct 15	Oct 29	Nov 12
Account Chy: Out 25	Nev 6	Nov 22

surprises

of its intention to float its airport services division early next year caught the market by surprise and led to a roller coaster day for the shares. At the outset, they shot up on the news only to tumble to 217p at the day's worst. Then, the tually drifting back to close at 222%p, a net 5 down on the day, on turnover reaching an

Leisure analysts were puzzled by both the timing of the tion that Forte was more anx- retreated 41/2 to 440%p, Voda-

a 25 per cent stake - next year could give another £120m. Selected hotel sales could also contribute.

NEW HIGHS AND

NEW HIGHS (172).
BRITTEN FURNIC (2) DARSCHO, Ned. Westminster, BRISWERS (1) Gravernor Into, BLDG MATUR (2) CHILL (2)

New Court commented: "The potentially brighter debt pic-ture makes it increasingly unlikely that Forte will need to have a rights issue." Allied Lyons shares slipped 5 to 567p.

Utilities wanted

The utility stocks attracted further interest in the wake of the poor inflation figures, with water shares the best performing sector in the UK market yesterday. Yield and defensive considerations were investors' priorities as water shares surged, with several broker recommendations helping sentiment. Northumbrian jumped 16 to 680p, Southern 15 to 593p and Welsh 12 to 658p. Among the Recs, South West gained 9 to 601p and East Midland 5 to 567p. Kleinwort Benson was among those recommending

both stocks. News that Oftel was recommending further liberalising moves in the UK telecoms market added to the attractions of BT's rivels. While BT shares fone added 4 to 540%, Securico 15 to 770p and Cable and Wireless 16 to 9270.

BAe volatile

A upbeat response from British Aerospace (BAe) after the government of Taiwan said it would not try to save the proposed £250m joint venture between BAe and Talwan Aerospace Corporation (TAC), brought a two-way pull in the shares.

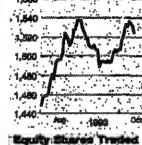
The news from Telwan led to an early fall in the shares to the day's low of 399p. However, the strong response from the company saying, "we are still hopeful of the deal", along with a feeling from analysts that the bad news surrounding the deal was already in the price, brought a turnaround. Researchers also believe that failure to clinch the deal is no longer as significant to the company's finances as it would

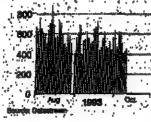
have been earlier this year. The shares closed a penny ahead at 408p, on volume of 3.9m with traders saying 400p had proved a good support level for the shares. However, UBS was said to have advised investors to "sell" the shares.

Insurers rally

Composite insurers rallied in the afternoon after strong selling in the early part of the session had caused a sharp retreat. Several market watchers had attributed the early decline to a negative note from Kleinwort Benson, but the securities house denied any such move. Commercial Union finished 12 off at 631p, and General Accident lost 14 to 723p. Royal Insurance shed 7 to 308p, after trade of 5.8m. Oil stocks saw an active day with a variety of triggers sparking trading. With secondline stocks attracting investor interest, one specialist suggested that the sector may be shaping up for a substantial reshuffle. "Some stocks have gone as far as they are going while others are beginning to

FT-A All-Share Index



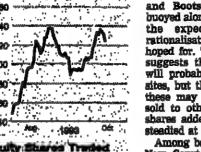


attract interest and be regarded as having potential." He added that many secondline stocks had steadily been moving themselves into strong positions. "Many have gone through the pain barrier and this is beginning to be recog-nised. There's a feeling of recovery in the sir."

Added to this is the momen-

tum that a more stable oil price has given to the sector. Enterprise Oil moved strongly shead after announc-ing an add-on discovery of oil in a North Sea development. Its price gained 6 to 471p in good volume of 1.7m. Rumours moved through the market of a possible asset swap between Enterprise and Monument Oil and Gas with the two looking at an exchange of activities to balance long and short-term activities. Monument ended the day unchanged at 52 (and three quarters) after a slightly erratic performance. Lasmo struggled a little to hold its

137¼p. Figures from Darty, the French electrical retailer owned by Kingfisher, impacted badly on the parent company's shares. They closed off 10 at 646p. Stores analysts said that although not as bad as had been expected given the state of the French economy, some investors had used the excuse



subsidiary. The shares lost

Smiths Industries where the shares feil 4 to 371p. TI Group, whose shares perked up earlier this week after it announced disposals worth \$40m was said to have suffered from a stock overhang. The poor market trend together with general profit-taking saw engineering group Siebe give up 9 to 523p. A gain for Pearson of 2 to 544p came against a generally downbeat media sector. The rise coincided with the launch by S.G Warburg of a multimedia warrant comprising a basket of stocks, mostly with

giving up 2 to 268p. Building materials group MB-Caradon, which yesterday said it is changing its name to Caradon at the end of the month, closed 3 ahead at 339p, after announcing a 94.8 per cent take up of its £334m rights issue. The outstanding rump had been placed with institutions. An optimistic annual meet-

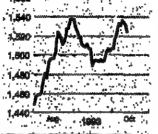
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FINANCIAL TIMES EQUITY INDICES

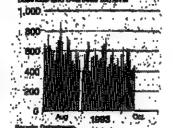
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Ord. div. yield	3.99	3,97	3.96	3.95	3.97	4,75	4.52	3.85
Earning yid % 5all	4.63	4.60	4.59	4,64	4,67	8,79	6.38	4.51
P/E radio net	27.21	27.39	27.48	27.51	27.35	18.71	28.30	19,40
P/E ratio nil	26.09	25.25	25.32	25.36	25.21	17.39	20.14	18,16
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London report and latest Share ladex Tel. 0891 123001. Calls charged at 36priminute cheap rate. 48p at all other times.



Equity Shares Trapled Turnover by volume (million)



price and lost 11/4 to close at

to take profits after the stock's

Do It All owners WH Smith and Boots continued to be buoyed along on the hopes that

the expected forthcoming rationalisation is as painless as hoped for. Talk in the market suggests that the companies will probably close around 60 sites, but that a fair chunk of these may have already been sold to other retailers. Smith shares added 8 to 465p, Boots steadied at 502p.

Among banks, broker Smith New Court gained 8 to 378p, after rival BZW was reported to have upgraded profit expectations. Strong two way business in National Westminster brought volume of 8.2m, as the shares firmed a penny to 554p. Shares in Automated Security, under a cloud since last week's profits warning bounced 16 to 113p, after the company chairman bought

250,000 at 101p.
Talk of cuts in infrastructure spending continued to overhang BICC, which is heavily involved in road building activity through its Balfour Beatty another 10 to 397p.

Nervous trading ahead of next week's figures weakened

European interests.

Elsewhere, VAT fears gripped publishing stocks with Daily Mail Trust falling 75p to 94s4; Mirror Group losing 5 to 163p and News International

the shares bounce 6 to 223p.

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EQUITY FUTURES AND OPTIONS TRADING

DISAPPOINTING economic data accelerated the slide of Footsie futures yesterday while index options were once again brisk, writes Chris-

tine Buckley. After a shaky opening, the December contract on the FT-SE 100 mustered a small rise ahead of publication of figures for retail prices inflation and manufacturing out-

put for August. But the statis-tics put the contract on a skid from 3,120 to 3,110 where it managed to find some support.

However, that support was not to prove durable and the contract fell below the important psychological level of 3,100 to touch a 3,088 low. Sellers were evident for most of the morning's trading. The afternoon was more pos-

itive after a bounce in short sterling kicked some confidence back to the ailing contract. Short sterling, as in the previous day's trading, had been bolstered by persistent

hopes of an interest rate cut. December finished the day at 3,102 - only fractionally ahead of the fair value premium to the cash market, which stands at about 21 highest level for many sessions at 13,021 contracts. forming the bulk of the traded options activity. Of the total options volume of 35,315 lots,

points. Volume was at its Index options were healthy,

23,028 were in the FT-SE 100 option and 2,989 in the Euro FT-SE. Many traders were said to be buying both calls and putsfor maximum hedging.

costs.	rigo amu	MILE TRABE
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The company will have an opportunity to sustain investor interest later this week when it hosts lunches with fund managers at a leading London

ICI failed to keep a grip on an early lead and its shares ended unchanged at 723p in modest volume. An announcement that it was restructuring interests in South Africa was not considered particularly sensitive to share earnings.

A stock overhang, said to involve one broker trying to place a lump of 5m shares, restricted Storehouse, off 7 at 200p.

MARKET REPORTERS: Joel Kibazo. Christopher Price,

Christine Buckley. Other statistics, Page 19.

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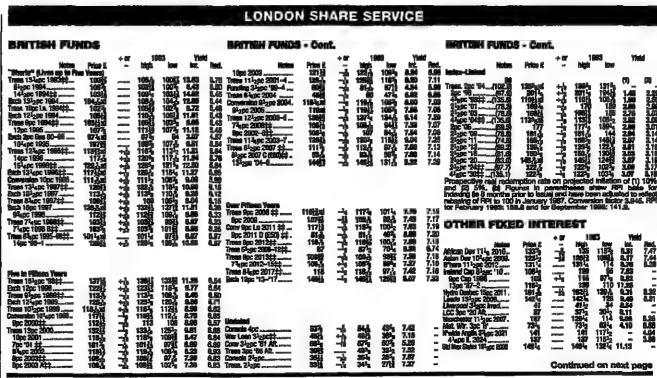
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CROSSWORD

No.8,279 Set by FETTLER

ACROSS 1 Take part in a race requiring fifty to finish (8)

1 Clothing left out for mate (8) 5 Siren's nose (6) 10 Liner (of a kind) as is enter-

ing dock (5)
11 All men tee off with reference to the basics (9)
12 They're issued from eastern

embassies (9)
13 Procession with no beginning? The devil it is! (5) 14 Shaggy fishes, head to head 15 Deviser revised, creating something different (7)
18 Made a sign of the cross, in

religious belief (7)
20 A sapling, hybridised, can
be taller (8)
22 Half of them object to change for the better (5) 24 Sweated, by way of flowing drips, consuming energy (9) 25 Badly missed on a solstice

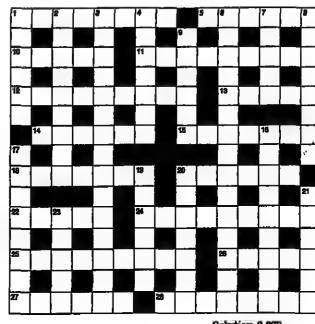
or equinox (9)
26 When nuisance of a bore produces tedium (5)
27 Like any dandy, clothes singularly take his fancy (6)
28 Resisted awkward presswoman (8)

(6) 2 Chew nuts etc. I cater endlessly for such as that (9) 3 Sagacity that's seen in rare measure (15)
4 Troops too, held a small established position (7)
6 One effect of steroids on evolution (15)
7 Fetish the old tribal Eskimos made originally (5) Gave in to having the wing rented out ... (8) 9 ... with pasture to duke (6) 16 Resettle the back row (9) 17 Shrieked and scared me

silly (8) 19 Throw out half-baked English Spode (6) 20 Exalted threnody, played without end (7) 21 Lets in rump of NUM, occu-

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pying mine entrances (6) 23 Guarded capital, wanting to be destroyed (5)



Solution 8,278



JOTTER PAD

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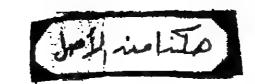
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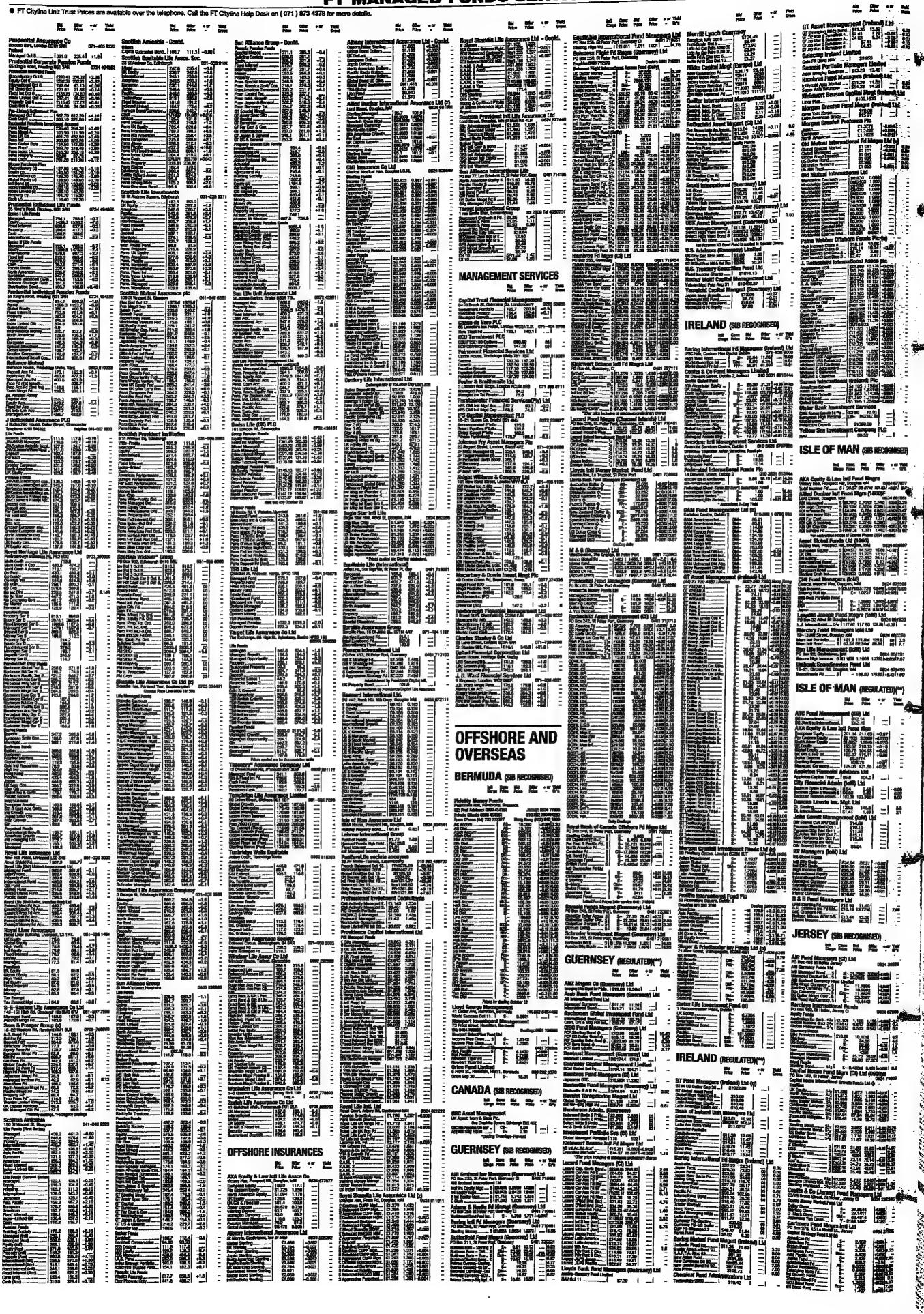


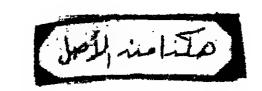


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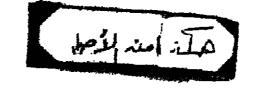
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FT MANAGED FUNDS SERVICE





JAY OCTUBER 14 1999



	FINANCIAL TIMES THURSDAY OCTOBER 14 1993
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CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGE

Speculation hits Belgian franc

PRESSURE for lower European interest rates and a wave of speculative sellling hit the Belgian and French francs yesterday. Sterling also suffered as a result of disappointing statistics on inflation and industrial production, writes Peter John.

The Belgian franc spiked lower against the D-Mark in early European trading as one large investor was said to have sold the currency very heavily. The trade was apparently sparked by a report from a US financial consultancy which painted a very grim picture of the Belgian economy.

A number of dealers said the selling might have been carried out by Mr George Soros's Quantum Fund, which played a large part in the forced exit of sterling from the exchange rate mechanism last year.

Mr Soros has become something of a market bogeyman and whether he was involved or not the currency continued to be held back by what one dealer described as "genuine

commercial selling". The Bank of Belgium intervened sporadically and maintained the currency around BFr21.90 to the D-Mark. The currencyclosed at BFr21.89, down from BFr21.78 at the close of trading on Tuesday.

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least until there is some news next week on the Belgian government's social pact - a consensus on how to improve companies' competitiveness, reduce labour costs and create Also causing investor con-

cern are Belgium's huge national debt and lingering worries that Luxembourg

might decouple its currency from the Belgian franc. The selling spilled over to the French franc which fell sharply as lower overnight money rates provided signals that the Bank of France may be more kindly disposed to lower interest rates. Also, Mr Edmond Alphandéry, the minister for the economy, said a weaker franc over the past year had been a key fact for stimulating growth. The French franc closed at FFr3.5290 against the D-Mark, down from FFr3.5120.

In the UK the spectre of Economists said the market would remain concerned at inflation without growth was raised by the announcement of rising inflationary pressures at the retail level and lower than expected manufacturing output. The pound fell sharply against a strong D-Mark - hitting DM2.4361 at one stage -and also against the dollar. However, it was revived by a spurt of buying from the Middle East and recovered from a low of \$1.5195 to \$1.5220. Against the German currency, it closed at DM2.4420, slightly down on the day.

The dollar staged a brief rally early in the day as some dealers decided that it had fallen far enough and they were picking up a bargain. It moved back through DM1.80 to close at DM1.6035 against the D-Mark, up from DM1.5960, but there was little volume to back up the rise. The market is waiting for tomorrow's data on September retail sales and producer prices.

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MONEY MARKETS

Short rates squeeze up

WORRYING statistics on inflation failed to whip the UK money markets into a frenzy of rate cut enthusiasm yesterday, possibly because the data were offset by tight money squeezing short term rates higher, writes Peter John.

The latest figures for retail price inflation suggested that the UK might have tilted from a trend of low growth with no inflation to inflation with no growth. That would be the worst possible situation for the pound and could make the need for lower interest rates even more pressing.

UK clearing bank base lending rate 6 per cent from January 26, 1993

However, short sterling futures which signal the market's view of where interbank rates will be at a fixed date - and consequently, the direction of base rates - failed to respond to the news.

The contract for December delivery closed only two basis points higher on the day at 94.46 although turnover was very high at more than 55,000 contracts, suggesting very active two-way business.

Many traders believe that Mr Kenneth Clarke, the chancellor, will cut base rates on or around the November 30

Bank of England operations

were hampered by an apparent unwillingness from the main clearing banks to borrow money. An early forecast of a £1.25bn shortage was later revised down to £1.2bn and left outstanding for much of the

One dealer said: The daily miracle [the ability to always balance the national books acceptably by the end of the day's dealing's] almost didn't happen." The central bank did not provide assistance during the early round and bought only 253m of bills at the next available opportunity. In the early afternoon the Bank provided a further £494 and the overnight lending rate was pushed to 7 per cent - it has been below 4 per cent recently. The Bank provided final assistance of £350m.

Other European short-currency futures contracts were also firmer as the market's desire for lower rates increased. The French franc contract traded on Liffe was higher as French call money was quoted at 7 per cent, down from 7.2 per cent. Call money usually commands a rate between the low level intervention rate, and the upper level rate of 7.75 per cent. Analysts said that if the call rate was quoted below 7 per cent today it would be a strong signal that the

intervention rate would fail.

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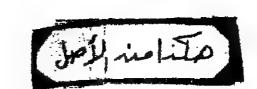


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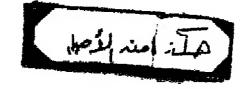
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FINANCIAL TIMES THURSDAY OCTOBER 14 1993 **WORLD STOCK MARKETS** CANADA 1,180 - 272 40 - 32.5 - 1,180 - 1,181 - 1,1 나라는 나는 나는 나는 사람들 등 사람들이 나라는 나라는 사람들이 하는 것을 \$6025 Machanzie \$9-2 846468 Machine Hu x \$12 106768 Machine Hu x \$12 106768 Machine Hu x \$12 106768 Machine Hu x \$12 171700 Maphi Ma \$57-2 18500 Maphi Ma \$57-2 184004 Mark Res \$10-2 86000 Machine \$10-2 16500 Machine Hu \$10-7 4 par alose October 13 Carresour Co. Carresour Casino Carresour Casino Charpears Cub Medianmen Copare Inc C C F C F for Franch Cand Lyon (2) Code Casino Copare Inc C C F C F for Franch Cand Lyon (2) Code Casino Copare Inc C C F C F for Franch Cand Lyon (2) Code Casino Code G F France Delian Meg Cle Casin Cle Gaol Scott Commission El Sanot 151₂ 1₄ 81₄ 1₈ 141₂ 1₁₉ 311₄ 1₉ 402221 Bit Month | \$283-2 240997 Bit Now St. US28-4, 17306 BC Sugar A \$34-2 20332 BC Tele \$21-5, 779554 BCE Inc \$21-5, 58602 BCE Michal \$38-5, 88550 Bermontal 15-2 24620 BCR A \$14, 8500 BioCrample \$13-8, 2203623 Benthidnit x US18-2 240200 BCR A \$14, 8500 BioCrample \$13-8, 2203623 Benthidnit x US18-2 240200 Branching \$223-100 Branch \$12-6, 8541 Bruntor \$21-3, 1800 Brunswick \$77-6 2614 2812 914 914 1318 16 16 27 125 910 27 7 Outsider 13 Adia Intil (81) Brown Davier (81) Brown Dover (81) Brown Dover (81) Brown Dover (81) Brown Dover (81) Cha Gally (81) Charles & Gry (81) Charle 14¹2 - ¹6 17²6 36 8¹2 - ¹4 15 350 - ⁵ 18¹8 + ¹8 5¹4 - ¹8 14/1600 CAE Ind 178500 Cambridge 6700 Camerio 18050 Cell Res 18050 Cell Res 18051 Cautings 1908 Can Tre 98833 Can Tre 98833 Can Tre 98833 Can Tre 9803 Can Tre 9803 Can Tre 9803 Can Tre 9803 Can Tre 1900 Can Unit SPASS Juighar 13 Albe (Corp Fird. Albe (Corp Fird. Algentaria Banco Balpao Vize. Banco Balpao Popular Banco Balpao Balpao Vize. Banco Popular Banco Popular Banco Popular Banco Popular Banco Popular Banco Metal Carbaros Metal Franco Duro Fielg Hidron Carbaros Banco Duro Fielg Hidron Carbaros Banco Duro Fielg Hidron Carbaros Banco Duro Fielg Hidron Carbaros Telebrancia Talebrancia + 4003 - 5155 - 1155 - | Designments | Designments | Designments | Designments | Designment | Cusativer 13 Banca Roce Banca Nasc Agric Banca Nasc Agric Banca Nasc Agric Banca Nasc Agric Banca G Roce Castaria G Roce Castaria G Roce Castaria G Roce Francis G Roce Fr + 1190 + 140 + 210 + 152 INDICES Dotaber 13 ABSA. ARGA. ARGA. ARGA. ARGA. ARGA. ARGA. ARGA. ARGA. ARGA. Beatrin. Burther Flord. Beatrin. Burther Flord. Beatrin. Burther Flord. Beatrin. Burther Book. De Bearn/Contenery Deelkrail Gold. Engel. Enst. Hard Gold. Engel. Freepold Benty. Freepold Benty. Freepold Benty. Berther Book. Berther Book. Harnory Life BA. Hallahold. Hardorath. Harnory Book. Harnory Life BA. Harnory Life BA. Harnory Life BA. Harnory Life BA. Harnory Book. ABSA. Barther Book. ABSA. ABSA. AMANA Arnory Southmeal. Torgoet Huler. Westarn Deepo. Westarn Deepo. Westarn Arwis. Westarn Deepo. -15 +1,89 -7 +#-Composite # 439.05 (87) 496.49 (254) 39.86 (87) 463.56 (31/8/63) 524.99 (10/3/63) 48.40 (28/9/63) | RESIDENT GESHANY FAZ Alden (21/12/59) Commerciant (1/12/59) DAX (20/12/57) HONG KONG Hung Song Bunk (21/17/64) RELAND RELAND 25.21 (2/1) 365.64 (6/1) (45.57 (26/4) 256.88 (31/8/83) 470.50 (12/10/93) 772.46 (12/10/93) 4.46 25.44.23 29.21 (9/12/72) 54.67 256.86 \$1.89 470.50 (12/19) 772.48 (12/19) MA 454 447 455 772.48 TOTAL TALES 1729.17 1733.06 1729.20 1707.34 2.85 2.88 3.31 Oct 6 \$ep 29 Sep 22 year ago (approx.) 911.26 805.71 885.15 884.62 911.38 (13/10) NEW YORK ACTIVE STOCKS Millione Oct 12 Oct 11 Oct 8 Oato SE (inc) (2/1/23) 4,443,100 51, 37,40,300 52, 2,776,500 254, 2,477,500 264, 2,457,500 36, 2,457,500 36, 2,457,600 574, 2,252,800 454, 2,252,800 574, 2,254,800 1114, 293.940 182.634 243.251 19.944 15.819 17.204 318.309 251.115 281.403 Hest Mary Tearniers Wei-Mary Placer Dess. Disaber 19 Yes +or- Disaber 19 Yes +or- Disaber 13 Yes +or- Disaber 13 Tales Corp. 759 +1 Tales Corp. Ten +er-537.80 538.39 635.06 532.12 537.90 (19/10) 95 Al-Singapon (24/75) 394.53 \$20.88 CANADA TORONTO Oct HIGH LOW (4) 2914.58 2627.74 (4) 4067.30 4080.79 3140.94 (16/8) 4148.70 (1/9) 2743.31 (27/1) 3275.80 (27/1) | 로두루루루워두구두루루 | 루루셔루두푸루두구두루두두루루루루루루루 የ፰ 1185² አላቂ ነላቂቋቋቋቋ +45 TOKYO - Most Active Stocks Wednesday, October 13, 1993 | 무용합의원약 부두집중문무여원우수는 17부부부 : 1목무기 +3 +1 -10 -7 -3 -14 18 18 17 Pm 3,570 959 2,320 524 2,550 715 337 516 675 1,080 2,040 957 +24 +110 -40 Or do you rely on seeing someone else's? Every day the FT reports on the topics that matter to people doing business every day, in and from Europe. cations from a European perspective. In fact you'll find far more than finance in the FT. 나는 소급하다 하는 사람이 한 음사들이 이 상을 하십 등록 하는 등을 생활했습니다. senior European businessmen and women as any other international newspaper.* +87--.08 +.07 +.04 +.19 delivered daily to your office.

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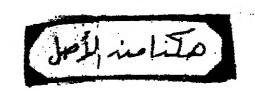
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US stocks supported by merger deal

Wall Street

US blue chip stocks firmed slightly and secondary issues set new record highs yesterday morning as investors responded positively to the announcement of one of the biggest mergers in US corporate history, writes Patrick Harverson in New York.
At 1 pm, the Dow Jones

Industrial Average was up 6.98 at 3,600.11. The more broadly based Standard & Poor's 500 was 0.20 lower at 460.92, while the Amex composite was up 3.65 474.15, and the Nasdaq composite up 3.19 at 775.65 Trading volume on the NYSE was 175m shares by 1 pm.

The pattern of recent days blue-chip stocks ignored as investors buy smaller-company and Nasdaq issues in their search for growth opportunities - was again repeated yesterday, with secondary indices moving to new all-time highs.

All prices moved higher from the opening, lifted by the news that telecommunications group Bell Atlantic will merge with cable giant Telecommunications Inc in a deal that is valued at close to \$20bn.

A spate of mergers, several of them in the telecoms and entertainment businesses. lifting investor sentiment at a time when sluggish economic growth might otherwise be depressing share prices.

The markets were also buoyed by the first batch of third quarter corporate earnings releases, which on the whole have been better than analysts and investors had expected.

Among individual stocks TCI rose \$1% to \$30% on the Nasdaq market in volume of 11m shares and Bell Atlantic firmed \$% to \$60% on the NYSE as the two companies announced a merger agree-

Bell will pay \$11.8bn in stock

\$9.6bn in debt, which means that the ultimate value of the deal could rival the 1989 buyout of RJR Nabisco, which

until now was the biggest ever. Other entertainment, telecommunications and cable stocks rose sharply on the news amid hopes that similar transactions between the two industries will soon be con-

On the Nasdaq market, Lib-erty Media, which is partowned by TCI and will also be sold to Bell Atlantic, rose \$1% to \$28%, Vanguard Cellular climbed \$1 to \$30. TCA Cable added \$1% at \$27%, and Broad-Band Technologies climbed \$5

On the NYSE Walt Disney rose \$2% to \$42% and Time Warner \$1% to \$44%. Weyerhaeuser fell \$% to \$39

after the company reported a 38 per cent decline in third quarter net income, even though the company's operating results held up well.

First Chicago added \$% at \$49% after the banking group announced a third quarter profit of \$284m, up from the \$372m loss incurred in the same period a year ago when the company took a charge to cover asset disposals.

TORONTO was little changed at midday following some large block trading early in the ses-

The TSE 300 composite index was up just 0.24 at 4,107.55 in turnover of C\$371.06m. Declines outpaced advances 313 to 253, with 274 issues hold-

SOUTH AFRICA

FOREIGN buyers and local institutions targetted gold stocks as the price of bullion remained steady at \$366 an ounce. The gold index gained 82 or 4.7 per cent to 1.777, industrials 10 to 4,538 and the

Profit-taking limits gains in continental bourses

RENEWED pressure for a further round of interest rate cuts provided background in Germany remained positive noise yesterday, writes Our at present, helped by Tuesday's Markets Staff.

However, Morgan Stanley commented that while they still expect European short-term interest rates to fall below 4 per cent in the core countries by next year, earnings growth is unlikely to be sufficient "to prop up current valuation levels in European equities".

As a consequence Morgan Stanley has reduced its European equity weighting in its model portfolio, although continuing to highlight Germany where the benefits of corporate restructuring should support corporate earnings

FRANKFURT slipped from the day's highs on late profit-taking, but the DAX index still managed to stay just above the 2,000 level at 2,001.51, a day's

Equity market commentators remarked that sentiment news that the federal constitutional court had rejected challenges to the Maastricht treaty. Turnover was DM8.5bn.

A recent announcement that a new mutual fund was to be launched on October 20 which could inject some DM2bn into equities was also keeping sentiment high, analysts said.

Schering rose DM50 to an all time high DM1,069 on news that production of its Betase-ron drug may be increased.

A record high was also recorded by Kloeckner, up DM7.70 to DM92.20 on reports that its steel division might be sold. Wella put on DM26.50 to DM848 ahead of reporting after the close a rise in its dividend and plans to list 20 per cent of its ordinary shares.

PARIS was another market which lost ground in late trading, the CAC-40 index ending

Actuaries Share Indices. FT-SE Open 11,30 12.00 13.00 14.90 15.00 16.00 Close FT-SE Eurotrack 100 1319.65 1318.25 1318.10 1317.44 1315.68 1316.31 1317.33 1317.05 Oct 8 Oct 12 Oct 11 1321.16 1315.91 1405.46 1401.02

Same value 1000 (28/10/80) High/der: 100 - 1319.75; 200 - 1394.22 Lawday; 100 - 1314.49 200 - 1387.01

day's high of 2,144. Turnover

was FFr3.4bn. Turbulence in the currency markets which pushed the French franc down sharply had some effect on the market. Générale des Eaux shed FFr39 to FFr2,618 following its

announcement, widely expected, of a FFr3-4bn rights issue by the end of the year. James Capel kept the stock at a buy recommendation given expec-tations of outperformance on a

up just 0.43 at 2,127.28, after a steady development in core activities and recovery poten-tial in loss making businesses. ZURICH extended its record breaking run to four sessions. the SMI index adding 18.5 to 2,571.0. Strong demand for blue chip index heavyweights was

> and options expiry.
> Ciba-Gelgy registered shares
> slipped SFr2 to SFr718 in response to nine month results and the forecast of higher full year profit, although limited by

attributed to short covering

ahead of tomorrow's futures

economic conditions. MILAN finished lower ahead of the end of the monthly account today and began clearing the way for the Fiat rights issue. The Comit index shed 11.91 or 2.1 per cent to 568.03, with the failure of a small Milan brokerage house also

casting a shadow. One analyst commented that the lower market was a positive sign for the Fiat capital raising exercise since it suggested that investors were cashing in profits in preparation for issue which begins tomorrow. Fiat shed L62 to

Ferruzzi was a major casualty of the session. The stock was delayed from trading on several occasions due to order imbalances and the rapid decline in the price. It ceased trading L101.40 or 24.8 per cent lower at L308.

AMSTERDAM saw strong support for Unilever, up Fl 3.10 to Fl 203.80 as the CBS Tendency index added 0.1 to 1288 Oce, the office machines manufacturer, rose FI 1.66 to F1 52.80 on better than expected

third quarter results. STOCKHOLM saw further gains in Ericsson as the Affars världen general index attempted to breach its all time high set in August 1989. How-ever, it finished slightly below.

up 8.10 at 1,371.90. ATHENS built on Tuesday's gains as investors decided the the election of the socialist party to government was good news. The general index added 25.21 or nearly 3 per cent to 874.62 after a rise of 22 per

cent on Tuesday. Mr Stuart Harley of School ders commented that the manket had been driven restarday mainly by individuals with little institutional buying noted The banking sector, he added, was particularly active.

Written and edited by John Pit

Zimbabwe gains ground

Tony Hawkins reports on the turn around of the equity market led by renewed foreign buying

we's finance minister Mr Bernard Chidzero denounced the stock exchange as the "prostitute of the econ-

Industrial share prices, which reached a record high less than a year after indepen-dence, plummeted to a 17 year low in 1984 as investors took fright at President Robert Mugabe's strategy of "socialist transformation" and Mr Chidzero's expropriation, for balance of payments reasons, of domestically-held foreign equities and bonds owned by Zimbabwean investors.

Today the wheel has turned full circle. In April, Mr Chidzero liberalised the regulations governing foreign investment allowing overseas investors to buy up to 25 per cent of companies listed on the ZSE and allowing residents to open foreign currency deposit accounts This was followed by reducper cent from 30 per cent, and the withholding tax on dividends declared by quoted companies to 15 per cent from 20 per cent. From January companies will also be allowed to open foreign currency accounts, having the effect of 'floating" the Zimbabwe dol-

The impact of foreign buying on the equity market has been dramatic. The industrial index, which reached a peak of 2,700 (Jan 1967=100) in September 1991, before losing two thirds of its value, dipping below 900 at the end of last year, has staged a strong come back.

It began moving off the bot-tom in the first half of the year picking up almost 10 per cent; but it was only when foreign buying started in late June that the market took off, rising more than 65 per cent in the last three months to 1,650. Market capitalisation which

Ten years ago Zimbab- tions in capital gains tax on had fallen from a peak of we's finance minister share market investment to 10 Z\$7bn (\$1.7bn) in September 1991, to Z83.4bn at the end of losses, but because of devaluation it remains well below its 1991 hard-currency high of

\$2.7bn.

Initial interest came from individuals, but following the tax reductions in the July budget, emerging market funds. mainly UK-based but also some from the Far East, the US and Australia, started buying,

Fund investors are driven primarily by price-earnings considerations. At mid-year the Harare industrial p/e ratio of 3.9 was about half the 8.0 acceptable to fund managers, but now it is hovering around 7.6 and seems set to move

Turnover has jumped from Z\$750,000 (\$115,000) weekly in the first half of the year to more than Z\$10m (US\$1.5m), of which over 40 per cent is foreign buying. In less than four

	EMERGING				Local currency terms					
Market	No. of stocks	Sep 17 1993	Change over week	% Change on Dec '92	Sep 17 1993	% Change over week	% Change on Dec 792			
Latin America	a .				ATE 400 07	+3.2	+33.8			
Argentina	(11)	774.36	+3.2	+33.5	475,160.07	+16.8	+2,098.T			
Brazil	(44)	235.98	+6.5	+88.8	45,839,560.15 760.93	+3.3	+18.7			
Chile	(20)	459.54	+2.7	+9.8		+6.0	+19.0			
Colombia!	(3)	505.56	+5.8	+18.9	727.56					
Mexico	(58)	711.23	+1.6	+5.2	954.99	+1.5	+5.2			
Peru ²	, ta	111.47	+1.5	+11.5	145.76	+2.0	+45.9			
Venezusta ³	(8)	548.40	+8.4	+5.5	1,244.31	+11.0	+33.3			
East Asia	• • •									
South Korea*	(130)	98.75	-1.5	-1.4	103.18	-1.2	+1.4			
Philippines	(11)	194,40	+1.7	+45.6	262.02	+0.4	+62.1			
Tanuan, China		78.97	+0.5	+7.0	79.60	+1.5	+14.1			
South Asia							1.50			
India ⁶	(61)	90.47	-0.2	-3.5	100.05	-0.2	+4.8			
Indonesia.	(31)	92.42	-1.4	+57.5	105.59	-1.3	+60.5			
Malaysin	(61)	258.32	+5.0	+57.9	243.18	+4.7	+53			
Pakistan*	(8)	234.29	+2.0	+17.0	316,86	+2.0	+36.7			
Sri Lanka ^s	(5)	130.85	-0.5	+30.8	139.84	-0.6	+39.8			
Thalland	(62)	315.69	+13.9	+37.0	316.75	+14.0	+35.8			
Euro/Mid Eas										
Greece	(17)	234.42	+3.6	+35.2	370.30	+2,9	+30.0			
Jordan	` <u>(5)</u>	170.76	+3.1	+23.0	243.07	+2.8	+48.6			
Portugal	(16)	108.98	+4.6	+41.3	124.24	+3.2				
Turkey ^e	(31)	188.35	-4.6	+174.2	1,071.20	-2.0	+299.4			

months since liberalisation. foreigners have put some ZS60m (S9m) into the market, which is more than the net inflow of foreign direct investment since independence 13

pushing prices up at a time when many, if not most, of the ZSE's 62 listed companies are reporting falling earnings. But with inflation and inter-

est rates now on their way

Ironically, foreign buyers are down and the economy expected to register marginal growth in 1993 the market is scenting better days ahead, though analysts expect another six to nine months of poor corporate prof-

Nikkei eases as region sets records

Tokyo

CONTINUED selling of Nikkel 225 component stocks which failed to be included into the new Nikkei 300, depressed share prices, but the index recouped some of the morning losses on afternoon support from arbitrageurs and investment trusts, writes Emiko

The Nikkei 225 average fell 98.91 to 20,038.40. The index hit the day's high of 20,167.22 before failing to the day's low of 19,997.90 in the morning session, dropping below the psychological support level of 20,000 for the first time since

Volume totaled 235.3m shares against 225m. Losers led. winners by 639 to 349 with 175 issues remaining unchanged. The Topix index of all first section stocks fell 6.73 to 1,645.53. while in London, the ISE/Nikkei 50 index rose 0.10 to

were adopted for the new 300 issue index was also noted.

Some traders said index-linked selling was not helping sentiment, already weak from pessimism over the economy.

Mr Alan Livsey, strategist at Kleinwort Benson, said few investors were willing to take the risk of selling before a possible income tax cut and economic recovery next year. Among Nikkei 225 compo-

nent stocks, not included in the new index, Hitachi Zosen fell Y4 to Y375, Suzuki Motors lost Y15 to 945 and Keisei Electric Railway declined Y20 to

Nikkei 300 component stocks which fell on profit-taking included House Food Industrial, Y40 lower at Y2,710, and Secom, the security company, which lost Y30 to Y7,060.

Video game and other entertainment companies fell on reports of poor earnings at Konami. Konami fell by its daily limit of Y500 to Y3,930, Sega Enterprises plunged Y300 to Y10,100 and Nintendo lost Y180 to Y8,320.

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Profit-taking in stocks which In Osaka, the OSE average lost 93.34 to 22,251.21 in volume

Roundup

Another impressive performance was seen in Pacific Rim markets.

HONG KONG stumbled briefly early in the day rallying to another record finish, with property stocks again at the forefront. The Hang Seng index rose 39.51 to 8,292.96, overcoming an early loss of 79.4 points. Among property stocks, which have soared on analyst reratings this week, Henderson

Land rose 40 cents to HK\$27.70 and Cheung Kong added 25 cents to HK\$30.75. AUSTRALIA bounced back after Tuesday's losses, the All Ordinaries index rising 10.6 to 2,038.6, led by a bullish gold sector. The gold marker

jumped 61.8 to 2,154.3. NEW ZEALAND remained at a 46-month high, and the NZSE-40 index ended 1.34 higher at 2,041.12.

TAIWAN moved sharply higher after a wave of late buying in finance issues, encouraged by continued hopes for a cut in the stock transaction

tax. The weighted index rose 52.26 or 1.3 per cent to 3,994.51 in active turnover of T\$25.48bn MANILA finished at a third consecutive record high, with the Manila index 18.20 higher

at 2,112.03. SINGAPORE posted a third consecutive high reflecting a rally in local blue chips as well as in Malaysian semi-blue chips traded over the counter. The Straits Times Industrial index rose 2.41 at 2.053.88.

SEOUL moved ahead for the third straight day, in a buying spree which took the compos-ite index ended 16.82 ahead at

KUALA LUMPUR regained its composure after a shaky start, fuelled by foreign fund interest in blue-chips. The com-posite index finished at a sixth consecutive high, up 5.67 at

BANGROK advanced 3.53 per cent after Tuesday's decline, amid strong demand for bank stocks and the SET index rose 38.94 to 1,140.90, only 2.88 points off its all-time closing high of 1,143.78 points set on July 25, 1990.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY OCTOBER 12 1993							MONDAY OCTOBER 11 1993					DOLLAR INDEX			
Agures in parentheses show number of lines of stock	US Dollar Index	Day's Change	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Der. Yield	US Dollar Index	Pound Starling Index	Yen Index	DM Index	Local Currency Index	1993 High	1983 Low	(abbrox) ago Year
Australia (69)	151.78	-0.4	146,87	101.64	125,93	152,57	-0.5	3.39	152.33	147,51	102.31	127.03	153.34	152.33	117.39	122.97
Austria (17)	182.28	+0.9	178.40	122.08	151.25	151.02	+0.3	1.04	180.72	175.01	121.38	150.71	150.63	182.28	131.18	152.08
Belgium (42)	154.11	+0.6	149,14	103.20	127.87	132.07	+0.2	4.36	153.15	148.30	102.85	127.71	131.81	156.76	131.19	140.95
Canada (107)	126.06	+1.0	121,99	84.42	104,59	121.49	+1.1	279	124.77	120.82	83.79	104,04	120,16	130.38	111.41	113.97
Denmark (32)	239.12	+1.0	231.40	160.15	198,41	210.01	+0.4	1.08	236.78	229.30	159.03	197.46	209.25	239.12	185.11	197.74
Finland (23)	118.73	-0.6	114.90	79.52	98.52	141.67	-1.2	0.73	119.51	115.73	80.27	99.66	143.46	119.51	65.50	58.11
France (97)	171.51	+0.0	166.07	114.92	142.38	150.88	-0.5	3.00	171.61	166.19	115.25	143.10	151.69	173.05	142.72	150.31
Germany (60)	138.13	10.0	131.74	91.18	112.95	112,95	-0.5	1.87	138.07	131.76	91.40	113.45	113,46	136.13	101.59	109,47
Hong Kong (55)	327.65	+0.6	317.08	219.43	271.88	324.98	+0.6	3.19	325.74	315.44	218.77	271.65	323.04	327.65	218.82	239.24
Ireland (14)	174.50	+0.6	168,87	116.87	144.79	167.61	+0.2	3.35	173.53	168.05	116.55	144.71	167,25	174.50	129.28	135.29
Italy (70)	71.68	-0.4	69.37	48.00	59.47	84.26	~1.3	1.92	72.00	69.72	48.35	60.04	85.38	78.93	53.78	53.70
Japan (469)	155.29	+0.1	150.28	104.00	128.87	104.00	-0.2	0.79	155,11	150.20	104.17	129,36	104.17	165,91	100.75	108.75
Malaysia (69)	449.19	-0.4	434,70	300.62	372.71	439.85	-0.3	1.58	450.92	436,67	302.84	376.02	441.37	450.92	251.66	250.67
Mexico (19)1				1154,73	1430.65	5869.33	+22	0.84	1686.79		1132.89	1406.64		1771.56	1410.30	1307.79
Netherland (24)	193.33	+0.6	187.10	129.48	160.42	158,39	+0.1	3.46	192.09	186,02	129.01	160.19	158.25	193.33	150.39	161.99
New Zealand (13)	63.54	+1.9	61.49	42.56	52.73	61.11	+2.0	3.63	62,38	60.40	41,90	52.02	59.93	63.54	40.56	40.06
	180.46	-0.3	174.64	120.86	149.74	171.16	-0.8	1.49	181.01	175.29	121.57	150.95	172.53	181.25	137.71	138.78
Norway (23)			308.13	213.24	264.19	229.48		1.47	313.01	303,12	210.23	261.02	226.11	318.40	207.04	184.16
Singapore (38)	318.40	+1.7					+1.5									
	213.74	-0.4	206,85	143.14	177.35	195.74	-0.1	2.68	214.60	207.82	144.13	178.96	195.95	215.29	144.72	150.30
	142.81	+0.7	138,20	95.64	118,49	140.32	+0.0	4.07	141.88	137.39	95.29	118.31	140.32	142.81	115.23	112.31
	201.71	+1.1	195.20	135.09	167,37	236.34	+0.6	1.43	199.44	193.13	133.95	166.32	235.02	201.71	149.70	155.58
Switzerland (50)	146.56	+0.6	141.84	98.16	121.63	127.25	+0.1	1.71	145.64	141.04	97.82	121.47	127.13	148.56	108.91	115.77
United Kingdom (218)	192.57	-0.2	186,36	128.96	159,77	186.36	-0.3	3.84	192,97	186.87	129,59	1 60 .91	186.87	193.97	162.00	175.43
USA (519)	188.39	+0.0	182,31	126.17	156,32	188.39	+0.0	2.73	188.29	182.34	126.47	157.03	188.29	189.40	175.38	167.27
Europe (748)	162.79	+0.1	157,54	109.03	135.08	150.02	-0.3	3.01	162.64	157.49	109.23	135.63	150.43	162.97	133.92	139.08
	190.09	+0.8	183,96	127,31	157.73	193.02	+0.2	1.27	188.61	182.65	126.68	157.29	192.64	190.09	142.13	145.03
Pactfic Basin (713)	161.42	+0.1	158.22	108.11	133.95	112.57	-0.1	1.06	161.20	156.10	108.27	134,43	112.70	168.80	105.89	113.14
Euro-Pacific (1461)	161.88	+0.1	156.68	108.41	134.31	127.74	-0.2	1.87	161,68	156.57	108.58	134,82	127.97	162.86	117 <i>.</i> 26	123.63
North America (626)	184.51	+0.1	178.56	123.59	153.13	183.83	+0.1	2.73	184,35	178.52	123,83	153,76	183,66	185.59	171.51	163.96
	143.56	+0.3	138.93	96.16	119.14	128.76	-0.3	2.47	143.14	138.62	96.16	119.40	129.11	143.58	112.51	117.38
		+0.3	214.21	148.27	183.69	204.95	+0.2	2.83	220.74	213.76	148.27	184.09	204.4B	221.35	152.70	156.21
	221.35			108.62		129.75	-0.1	1.89	161.93	158.81	108.76	135.04	129.91	162.89	118.51	124.27
World Ex. US (1647)	162.18	+0.2	156,95		134,57			2.02	167.45	162.15	112.47	139.65	144.22	168.50	134.22	134,26
	167.70	+0.2	162,29	112.32	139,17	144.17	+0.0			164.13		141.36	147.62	170.43	137.29	137.85
	169.70	+0.1	164,23	113.68	140.82	147.53	-0.1	2.20	169.49		113.85					
World Ex. Japan (1697)	179.60	+0.1	173.80	120.29	149.04	172.99	+0.0	2.81	179,39	173.71	120.49	149.62	173.01	179.60	157.A7	154.52
The World Index (2166)	169.89	+0.1	164,41	113,79	140.98	147.97	-0.1	2.20	169.69	164.33	113.97	141.52	148.06	170.42	137.32	137.83

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